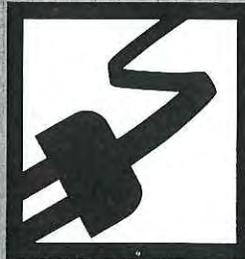


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Utility Consumer Activities Report and Evaluation

**Electric, Gas, Water
and Telephone Utilities**



Pennsylvania Public Utility Commission

1997
Utility Consumer Activities Report and
Evaluation

Electric, Gas, Water & Telephone
Utilities

Pennsylvania Public Utility Commission

The Pennsylvania Public Utility Commission

(Left to right) Commissioner David W. Rolka, Vice Chairman Robert K. Bloom, Commissioner Nora Mead Brownell, Chairman John M. Quain and Commissioner Aaron Wilson, Jr.

Table of Contents

Letter of Introduction

1. Consumer Contacts to the BCS	1
<i>Charts and Tables</i>	
Consumer Rating of the BCS' Service	3
Total Volume of Consumer Complaints and Payment Arrangement Requests to the BCS in 1997.....	4
1996-1997 Consumer Complaints By Industry	5
1996-1997 Payment Arrangement Requests By Industry.....	7
1997 Contacts to the Competition Hotline	10
2. Performance Measures	12
Consumer Complaint Rate.....	12
Justified Consumer Complaint Rate	12
Response Time to Consumer Complaints	13
Payment Arrangement Request Rate	14
Justified Payment Arrangement Request Rate	14
Response Time to Payment Arrangement requests	15
Infraction Rate	15
Termination Rate	16
3. Electric Industry	18
Consumer Complaints	
Consumer Complaint Categories - 1997 Major Electric Utilities	19
1997 Consumer Complaint Rates/Justified Consumer Complaint Rates for Major Electric Utilities	20
Justified Consumer Complaint Rates for Major Electric Utilities 1996-1997	21
1996-1997 Response Time to Consumer Complaints: Major Electric Utilities	22
Payment Arrangement Requests	
1997 Payment Arrangement Request Rates/Justified Payment Arrangement Request Rates for Major Electric Utilities	23
1996-1997 Justified Payment Arrangement Request Rates for Major Electric Utilities.....	24
Response Time to 1996-1997 Payment Arrangement Requests Major Electric Utilities.....	25

Termination of Service	
Residential Service Terminations/Termination Rates:	
Major Electric Utilities	26
Compliance	
PUC Infraction Rates: Major Electric Utilities	28
4. Gas Industry	29
Consumer Complaints	
Consumer Complaint Categories - 1997 Major Gas Utilities	30
1997 Consumer Complaint Rates/Justified Consumer Complaint	
Rates for Major Gas Utilities	31
Justified Consumer Complaint Rates for Major Gas	
Utilities 1996-1997	32
1996-1997 Response Time to Consumer Complaints:	
Major Gas Utilities	33
Payment Arrangement Requests	
1997 Payment Arrangement Request Rates/Justified Payment	
Arrangement Request Rates for Major Gas Utilities	34
1996-1997 Justified Payment Arrangement Request Rates for Major	
Electric Utilities	35
1996-1997 Response Time to Payment Arrangement Requests:	
Major Gas Utilities	36
Termination of Service	
Residential Service Terminations/Termination Rates:	
Major Gas Utilities	37
Compliance	
PUC Infraction Rates: Major Gas Utilities.....	38
5. Water Industry .	39
Consumer Complaints	
Consumer Complaint Categories - 1997: Major Water Utilities.....	42
1997 Consumer Complaint Rates/Justified Consumer	
Complaint Rates for Major Water Utilities	43
Justified Consumer Complaint Rates for Major Water	
Utilities 1996-1997	44
1996-1997 Response Time to Consumer Complaints:	
Major Water Utilities.....	45

Payment Arrangement Requests	
1997 Payment Arrangement Request Rates/Justified Payment Arrangement Request Rates for Major Water Utilities.....	46
1996-1997 Justified Payment Arrangement Request Rates for Major Water Utilities	47
1996-1997 Response Time to Payment Arrangement Requests: Major Water Utilities	48
Compliance	
PUC Infraction Rates: Major Water Utilities	49
6. Telephone Industry	50
Consumer Complaints	
Consumer Complaint Categories - 1997 Major Telephone Utilities.....	51
1997 Consumer Complaint Rates/Justified Consumer Complaint Rates for Major Telephone Utilities.....	52
Justified Consumer Complaint Rates for Major Telephone Utilities 1996-1997	53
1996-1997 Response Time to Consumer Complaints: Major Telephone Utilities	54
Payment Arrangement Requests	
1997 Payment Arrangement Request Rates/Justified Payment Arrangement Request Rates for Major Telephone Utilities.....	56
1997 Response Time to Payment Arrangement Requests: Major Telephone Utilities	57
Termination of Service	
Residential Service Terminations/Termination Rates: Major Telephone Utilities	58
Compliance	
PUC Infraction Rates: Major Telephone Utilities	60
7. Utility Universal Service and Energy	61
Conservation Programs	61
Electric, Gas & Water Programs	
Customer Assistance Programs (CAPs)	62
Dollar Share.....	65
A Helping Hand.....	65
Low-Income Rate	66
CARES Programs.....	66
Low Income Usage Reduction Programs (LIURP).....	69
Utility Hardship Fund Programs.....	70

Telephone Universal Service Programs	
Link-Up America.....	74
Lifeline Service	74
Bell's Lifeline & Universal Telephone Assistance Program (UTAP)	75
8. Other Consumer Activities of the Commission	76
Office of Communications/Consumer Education.....	76
The PUC Consumer Advisory Council	80
Pennsylvania Relay Service Advisory Board	83
9. Quality of Service Benchmarking	88
Glossary of Terms.	90

Appendices

A. Classification of Complaints	
1. Electric, Gas & Water	95
2. Telephone	97
B. Consumer Complaint Categories: 1997	
Table 1 - Major Electric.....	99
Table 2 - Major Gas.....	100
Table 3 - Major Water	101
Table 4 - Major Telephone	102
C. 1996-1997 Residential Consumer Complaint Statistics	
Table 1 - Major Electric.....	103
Table 2 - Major Gas.....	104
Table 3 - Major Water	105
Table 4 - Major Telephone	106
D. 1996-1997 Response Time: Consumer Complaints.....	107
E. 1996-1997 Residential Payment Arrangement Request Statistics	
Table 1 - Major Electric.....	108
Table 2 - Major Gas.....	109
Table 3 - Major Water	110
Table 4 - Major Telephone	111
F. 1996-1997 Response Time: BCS Payment Arrangement Requests.....	112

G.	1996-1997 Infraction Statistics	
	Table 1 - Major Electric.....	113
	Table 2 - Major Gas.....	114
	Table 3 - Major Water	115
	Table 4 - Major Telephone	116
H.	1997 CAP Participant Payment Rate.....	117
I.	Customer Assistance Programs: 1997 Evaluations.....	118
J.	CARES Programs	
	Table 1 - Major Electric Utilities.....	121
	Table 2 - Major Gas Utilities.....	122
K.	LIURP Spending	123
L.	LIURP Production Levels	124
M.	Utility Hardship Funds	125
N.	PUC Consumer Advisory Council Members	126
O.	Pennsylvania Relay Service Advisory Board Members.....	127
P-1.	County Distribution of Consumer Complaints (Electric and Telephone)	128
P-2.	County Distribution of Payment Arrangement Requests (Electric and Telephone)	129
P-3.	Pennsylvania Counties: Households, Income, and Poverty	130
	Consumer Access to the PUC.....	Inside Back Cover

To Our Report Readers:

The Commission is pleased to present the *1997 Utility Consumer Activities Report and Evaluation: Electric, Gas, Water and Telephone Utilities* that was prepared by the Bureau of Consumer Services (BCS). You may remember that last year, in recognition of Pennsylvania's emerging competitive environment for utilities, we revamped the report format to adapt to and accommodate the changes that will accompany competition. We promised that readers would see more changes in future reports. This year, for the first time in nine years, we have presented information about the electric, gas, water and telephone industries into one comprehensive report. From 1989 through 1997, we produced two separate reports: one focusing on the electric, gas and water industries and one focusing on the telephone industry.

Those of you who are familiar with the reports from previous years will notice that we have made some changes to accommodate the above revision. In Chapter 2 you will find an explanation of the measures the BCS uses to judge the performance of the major electric, gas, water and telephone companies. Chapter 3 focuses exclusively on the electric industry; Chapter 4 focuses on the gas industry and Chapters 5 and 6 detail findings of the water industry and the telephone industry, respectively. The remaining chapters present information and discussion that include all of the industries.

We believe that this year's report continues to meet the BCS' goals: to satisfy the statutory reporting requirements of 66 Pa. Code §308 and to communicate to the Commission, the public and to utility management how utilities under the Commission's jurisdiction performed in 1997. We would like to point out that although the location of the various performance measures changed from last year's report, the presentation did not. As with last year's report, this report graphically represents performance through the presentation of industry tables. Thus, the report should continue to be a valuable resource to consumers in that it will allow them to review their local utility's customer service performance for 1996 and 1997. The Bureau of Consumer Services believes that top utility management will again value the year-to-year comparison of their utility's statistics as well as the comparisons between their utility and other utilities within their industry. Our intention is to use this same format in the future to incorporate the inclusion of the new entrants that will be providing utility service to Pennsylvania's consumers.

Less than half of the consumer complaints brought to the attention of the BCS were mishandled by the utility. In other words, in spite of the fact that the utility had properly followed the Commission's procedures and rules in handling the consumer's complaint, the customer appealed to the Commission. In these instances, the Commission has upheld the utility's actions.

A new addition to this year's report is a discussion of consumer contacts to the Commission's Competition Hotline. The Commission established the center in May 1997 to answer consumers' questions about competition. You will find this discussion on page 9 of the report.

Much of the discussion and data in this report are based solely on consumer contacts to the BCS and as such, may or may not represent broad statistical trends. The level of activity for a particular utility or geographical area may be influenced by a number of factors such as increased marketing, media visibility, demographics, weather and regional activity. Appendix P provides a review of certain consumer contacts to the BCS by geographic area. This information is valuable because it illustrates the areas in Pennsylvania that are responsible for generating the most consumer complaints about electric and telephone utilities. We used the electric and telephone industries because the Commission has jurisdiction over the vast majority of the electric service and all telephone service in each county. Regulated gas and water service are not available in each county. Appendix P also includes Pennsylvania demographic data by county which indicates areas of poverty and low median incomes.

Pennsylvania consumers continue to face unprecedented changes within the utility arena. The Commission is committed to assuring that these transformations are in the public interest. Because the data in this report stems almost exclusively from the evaluation of consumer contacts to the Commission, the data has certain shortcomings. The Commission has plans to address these shortcomings in the future. We recently developed regulations at 52 Pa. Code Chapter 54.151-156 that require quality of service reporting from the electric distribution companies (EDCs). The first EDC reports are due to the Commission in 1999. This reporting is designed to capture a more comprehensive picture of the quality of service consumers receive from their EDCs. The EDCs are to report their telephone access rates and other statistics that pertain to various aspects of customer service performance. The regulations require the Commission to produce and make public a report on EDC performance, using the data the EDCs provide to the Commission. We may incorporate the EDC supplied data into this report beginning in the year 2000.

We hope you find this year's report informative and invite your suggestions and comments.

Sincerely,

John M. Quain, Chairman
Mitch Miller, BCS Director
Pennsylvania Public Utility Commission

1. Consumer Contacts to the BCS

The Bureau of Consumer Services (BCS) was mandated under Act 216 of 1976 to provide responsive, efficient and accountable management of consumer contacts. Its responsibilities were clarified under Act 114 of 1986 in regard to reporting and deciding customer complaints. In order to fulfill its mandates, the Bureau began investigating utility consumer complaints and writing decisions on service termination cases in April 1977. Since then the Bureau has investigated 502,730 cases (informal complaints) and has received an additional 326,435 opinions and requests for information (inquiries). The Bureau received 51,791 utility customer contacts that required review in 1997. It is important to note that more than half of these customer complaints had been appropriately handled by the subject utilities before the customers brought them to the Bureau. In spite of the fact that the utilities had properly followed the Public Utility Commission's procedures and rules in handling the complaints, the customers still appealed to the Public Utility Commission. In these instances, the Commission has upheld the utility's actions.

The Staff of the Bureau of Consumer Services

Case Handling

The handling of utility complaint cases is the foundation for a number of Bureau programs. The case handling process provides an avenue through which consumers can gain redress for errors and responses to inquiries. However, customers are required by Commission regulations to attempt to resolve problems directly with their utilities prior to filing a complaint or requesting a payment arrangement with the Commission. Although exceptions are permitted under extenuating circumstances, the BCS generally handles those cases in which the utility and customer could not find a mutually satisfactory resolution to the problem.

Once a customer contacts the Bureau of Consumer Services with a complaint or payment arrangement request (PAR), the Bureau notifies the utility that a complaint or PAR has been filed. (The vast majority of consumers contact the BCS by telephone using the Bureau's toll free numbers. In 1997, more than 91% of informal complaints were filed by telephone.) The utility sends the BCS all records concerning the complaint including records of its contacts with the customer regarding the complaint. The BCS investigator reviews the records, renders a decision and closes the case. The BCS research unit then examines the case and, among other things, classifies the complaint into one of six major problem areas as well as one of nearly 200 specific problem categories. This case information is entered into the Consumer Services Information System data base. The analysis from case information is used by the BCS to generate reports to the Commission, utilities, legislators and the public. The reports may present information regarding utility performance, industry trends, investigations, new policy issues and the impact of utility or Commission policy.

Consumer Feedback Survey

In order to monitor its own service to consumers, the Bureau of Consumer Services surveys those customers who have contacted the Bureau with a utility-related problem or payment arrangement request. The purpose of the survey is to collect information from the consumer's perspective about the quality of the Bureau's complaint handling service. The BCS mails a written survey form to a sample of consumers who have been served by the BCS field services staff.

The results of the survey for fiscal year 1997-1998 show that 87% of consumers reported that they would contact the PUC again if they were to have another problem with a utility that they could not settle by talking with the company. Over 85% rated the service they received from the PUC as "good" or "excellent".

Consumer Rating of the BCS' Service

How would you rate the service you received from the PUC (BCS)?	1996-97 Fiscal Year	1997-98 Fiscal Year
Excellent	56%	62%
Good	26%	23%
Fair	11%	9%
Poor	7%	6%

Overall, 88% of consumers felt the BCS handled their complaint either very quickly or fairly quickly. In addition, more than 91% of consumers said that the information that the PUC gave them about the outcome of the problem was either “very easy to understand” or “fairly easy to understand”. Further, 96% of consumers indicated that the BCS staff person who took their call was either “very” or “fairly polite” and 93% described the BCS contact person as “very” or “fairly interested” in helping with the problem.

The BCS management frequently reviews the findings of the consumer feedback survey and promptly investigates any negative trends to improve staff performance.

Data Bases

To manage and use its complaint data, the Bureau maintains a computer based Consumer Services Information System (CSIS) through a contract with the Pennsylvania State University. This system enables the Bureau to aggregate and analyze complaints from the thousands of complaints that are reported to the Commission each year. In this way the BCS can address generic as well as individual problems.

The bulk of the data presented in this report is from the Bureau's CSIS. In addition, this report includes statistics from the Bureau's Collections Reporting System (CRS), Local Exchange Carrier Reporting System (LECRS) and Compliance Tracking System (CTS). The CRS provides a valuable resource for measuring changes in company collection performance including the number of residential service terminations, while the CTS maintains data on the number and type of infractions attributable to the major utilities.

Distinctions Between Cases

A number of cases were segregated from the analyses that appear later in this report because they did not fairly represent company behavior. One treatment of the data involved the removal of complaints about problems over which the Commission has no jurisdiction, information requests that did not require investigation and most cases where the customers indicated that they had not contacted the company prior to complaining to the Commission. Commercial customer contacts were also excluded from the data base. Although the Bureau's regulatory authority is largely confined to residential accounts, the Bureau handled 1,753 cases from commercial customers in 1997. Of these cases, 537 were related to termination of electric, gas or water service and 53 were related to loss of telephone service. Due to its limited jurisdiction, the Bureau does not issue decisions regarding commercial disputes. Rather, the Bureau gives the customer information regarding the company's position or attempts to mediate a mutually acceptable agreement regarding the disputed matter. All 1997 cases that involved commercial accounts were deleted from the analysis in this report. The table below illustrates that the vast majority of cases handled by the BCS in 1997 involved residential utility service.

Total Volume of Consumer Complaints and Payment Arrangement Requests to the BCS in 1997

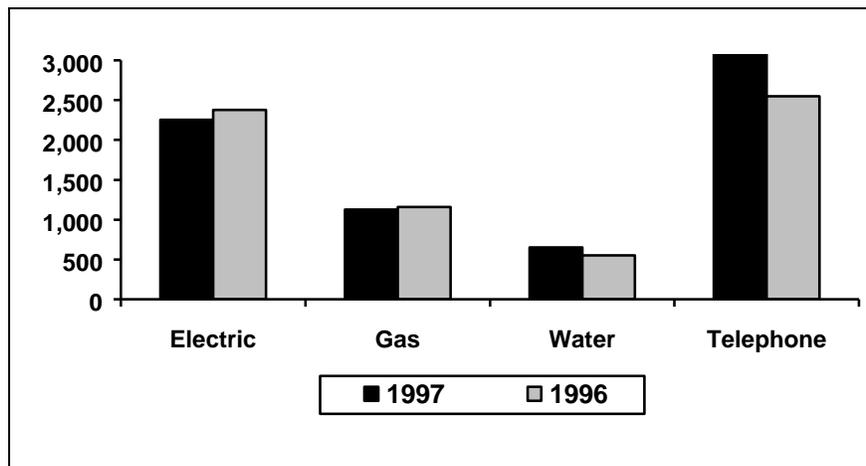
Industry	Consumer Complaints		Payment Arrangement Requests	
	Residential	Commercial	Residential	Commercial
Electric	2,044	210	25,086	448
Gas	1,052	75	12,053	80
Telephone	2,619	848	5,060	53
Water	623	29	1,481	9
Other	16	1	4	0
TOTAL	6,354	1,163	43,684	590

Generally, customer contacts to the Bureau fall into three basic categories: 1) consumer complaints; 2) requests for payment arrangements; and 3) inquiries. The Bureau classifies contacts regarding complaints about utilities' actions related to billing, service delivery, repairs, etc., as *consumer complaints* and contacts involving payment negotiations for unpaid utility service as *payment arrangement requests*. Consumer complaints and payment arrangement requests are often collectively referred to as informal complaints. *Inquiries* include information requests and opinions from consumers, most of which do not require investigation on the part of the Bureau.

Consumer Complaints

Most of the consumer complaints regarding the electric, gas, water, sewer and steam heat industries deal with matters covered under 52 Pa. Code, Chapter 56, the Standards and Billing Practices for Residential Utility Service. For the telephone industry, most of the cases found in the consumer complaint category deal with matters covered under 52 Pa. Code Chapter 64, the “Standards and Billing Practices for Residential Telephone Service” and 52 Pa. Chapter 63, the “Quality of Service Standards for Telephone.” For the most part, consumer complaints represent customer appeals to the Commission resulting from the inability of the utility and the customer to reach a mutually satisfactory resolution to a dispute.

Consumer Complaints By Industry 1996-1997



The Bureau investigated 7,517 consumer complaints in 1997. Overall, the volume of consumer complaints to the Bureau increased by 13% from 1996 to 1997. Consumer complaints about the Chapter 56-covered industries (electric, gas, water, sewer and steam heat) decreased by 1% from 1996 to 1997. Meanwhile, consumer complaints about the telephone industry increased significantly, by 36%. This increase was primarily due to the growth in competition among telecommunications providers. For example, as a result of increased competition among toll service providers, more customers complained about having their toll service provider switched without their permission (slamming). In 1997, electric and gas utilities accounted for 30% and 15%, respectively of all consumer complaints investigated by the Bureau. Water utilities accounted for 9% of consumer complaints and the telephone utilities were the subject of 46% of all consumer complaints.

Justified Consumer Complaints

Once a BCS investigator finishes the investigation of a consumer's complaint and makes a decision regarding the complaint, the BCS reviews the utility's records to determine if the utility took appropriate action when handling the customer's contact and uses these records to determine the outcome of the case. There are three possible case outcome classifications: justified, inconclusive and unjustified. This approach focuses strictly on the regulatory aspect of the complaint and evaluates utilities negatively only where, in the judgment of the BCS, appropriate complaint handling procedures were not followed or the regulations have been violated. Specifically, a case is considered "justified" in the appeal to the BCS if it is found that, prior to the BCS intervention, the company did not comply with PUC orders, regulations, reports, Secretarial Letters, tariffs, etc. "Unjustified" complaints are those cases in which the company demonstrates that correct procedures were followed prior to the BCS intervention. "Inconclusive" complaints are those in which incomplete records, equivocal findings or uncertain regulatory interpretations make it difficult to determine whether or not the customer was justified in the appeal to the Commission.

Classification of Consumer Complaints

After a BCS investigator closes a case from a utility customer, the BCS research unit reviews the information on the case and translates it into a format so that it can be added to the Bureau's information system (CSIS). One part of this process is that the research staff categorizes each complaint into a specific problem category and enters it into the computerized system. The BCS data system then aggregates the data from all complaints to produce meaningful reports for analysis by the Bureau, the Commission or for utilities.

The BCS has categorized the 1997 residential consumer complaints into 13 categories for each of the electric, gas, water and telephone utilities. Tables showing the percent of complaints in each category in 1997 appear in each industry chapter. The percentages shown in the tables are for all the cases that consumers filed with BCS, not just cases determined to be justified in coming to the Bureau. The Bureau analyzes the categories that generate complaints or problems for customers, even if the utility records indicate that the utility followed PUC procedures and guidelines in handling the complaint. The BCS often discusses its findings with individual utilities who can use the information to review their complaint-handling procedures in categories that seem to produce large numbers of consumer complaints to the Commission. The four tables in Appendix B show the actual number of cases that fell into each category in 1997.

Payment Arrangement Requests

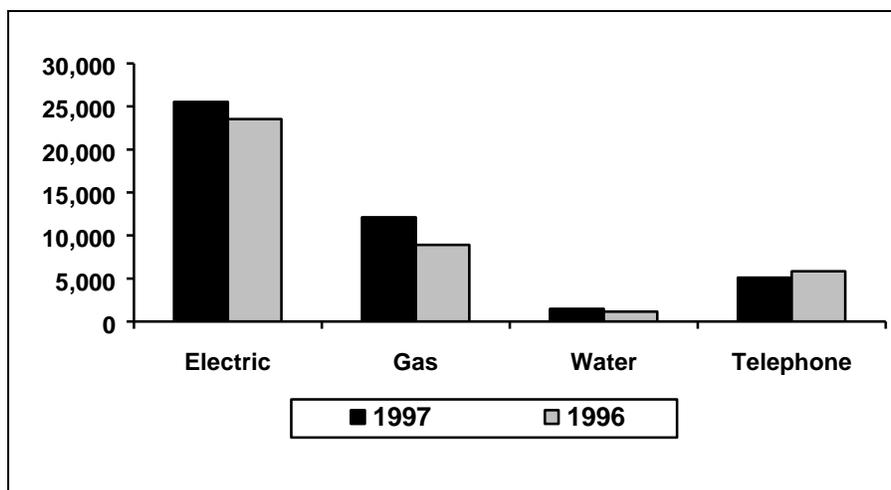
Payment arrangement requests (PARs) principally include contacts to the BCS or to utilities involving requests for payment terms in one of the following situations:

- ✓ termination of service is pending,
- ✓ service has been terminated and the customer needs payment terms to have service restored, or
- ✓ the customer wants to retire an arrearage.

All of the measures pertaining to PARs are based on assessments of contacts to the Bureau of Consumer Services by individual customers. As with consumer complaints, almost all customers had already contacted the utility prior to their contact to the BCS.

During 1997, the BCS handled 43,684 requests for payment arrangements from residential customers of the utilities under the Commission's jurisdiction. In approximately 20% of these cases, the customers had previously sought Commission help in establishing an arrangement to pay what they owe to the utility. Customers typically seek further assistance from the BCS if their incomes decrease or their financial circumstances change. These customers find that they are unable to maintain the payment terms that the BCS prescribed in response to their previous contact. The BCS reviews the customer's situation and may issue a new payment arrangement if it is warranted.

Payment Arrangement Requests By Industry 1996-1997



Payment arrangement requests for the Chapter 56-covered utilities increased 17%, from 33,559 in 1996 to 39,161 in 1997. For the telephone industry, the volume of payment arrangement requests decreased by 12%, there were 5,823 requests in 1996 compared to 5,113 in 1997. As in past years, the majority of requests for payment arrangements in 1997 involved electric or gas companies. Fifty-eight percent of the PARs (25,534 cases) were from electric customers and 27% (12,133 cases) were from gas customers. Meanwhile, 12% of the PARs (5,113 cases) involved telephone service and 3% (1,490 cases) stemmed from customers of various water utilities.

Inquiries and Opinions

During 1997, the Bureau of Consumer Services received 27,661 customer contacts that, for the most part required no follow-up investigation beyond the initial contact. The Bureau classified these contacts as “inquiries”. The 1997 number of inquiries includes contacts to the Competition Hotline. Further discussion of the Competition Hotline appears on the next page.

In large part, the inquiries in 1997 involved requests for information that the BCS staff handled at the time of the initial contact, referrals to utility companies for initial action and referrals to other agencies. The Bureau also classifies certain requests for payment arrangements which the BCS cannot fulfill as inquiries. For example, the Bureau does not issue payment decisions on requests to restore or avoid suspension/termination of toll or nonbasic telephone service. These requests are classified as inquiries. Similarly, if a customer has recently been through the BCS payment arrangement process and calls again with a new request regarding the same issue, the Bureau does not open a new payment arrangement case and the customer’s contact is classified as an inquiry.

As in past years, the Bureau shifted some contacts that originated as consumer complaints and payment arrangement requests into the inquiry category because it was not appropriate to count these contacts as informal complaints. Examples of these contacts include informal complaints that were found to be duplicates, informal complaints filed against the wrong company, informal complaints that the BCS handled in spite of the fact that the customers had not previously contacted their companies about their problems and cases that the investigators verbally dismissed. In all, these cases accounted for approximately 3% of inquiries in 1997.

For the past number of years, the Bureau of Consumer Services classified and reported inquiries by categories based on either the consumer’s reason for contact or the Bureau’s response to the contact. In May 1997, the Bureau upgraded its information system and, among other things, changed the way in which it categorizes inquiries. The

Bureau now records the customer's reason for contact as well as the action the BCS staff person took in response to the contact. The BCS is now able to expand its list of reasons for contact as customers' reasons grow and change. By May 1998, the list included almost 60 reasons for contact from consumers. Possible actions by the BCS intake staff include recording the consumer's opinion, giving information to the consumer, referring the consumer to a utility company, and referring the consumer to an agency or organization outside the PUC. If the contact requires further investigation, the intake staff refers the contact to a Bureau investigator and thus the contact becomes an informal complaint.

Because the BCS changed its method of categorizing contacts in the middle of 1997, inquiries from the first four and a half months are categorized in the old way and contacts after May 19, 1997 are categorized using the new method. For this reason, it is not possible to report the categories of all 1997 inquiries in tabular form as prior reports have done.

The onset of competition in the electric industry greatly impacted the number of inquiries -- 67% of the inquiries in 1997 related to competition. The next section discusses consumer contacts to the Bureau of Consumer Services about competition issues.

Calls to the PUC's Competition Hotline

In May 1997, the Public Utility Commission opened a toll free telephone hotline to answer consumers' questions about competition in the utility environment. The hotline is part of the Bureau of Consumer Services. As expected, most of the calls in 1997 were related to the restructuring of the electric industry.

Beginning in late August, the BCS began collecting data regarding the calls to the Competition Hotline. From the last week in August until the end of the year, Commission staff responded to more than 18,000 calls about competition issues. The vast majority of the calls came from consumers who called about various issues associated with the pilot programs of the electric distribution companies (EDCs). Consumers called about a variety of concerns as the EDC pilot programs progressed through various stages. The table that follows provides information regarding the reasons consumers called the Competition Hotline in 1997.

Contacts to the Competition Hotline 1997

Reason for Contact	Number of Contacts	Percent
Competition in general	5,604	30%
Selecting a supplier	5,306	28%
Enrollment information	5,131	28%
Request for competition brochures	1,391	7%
Slamming	277	2%
Terms & conditions of supplier contracts	223	1%
Contact with supplier	217	1%
Delay in pilot savings	125	1%
Stranded costs	121	1%
Changing a supplier	61	<1%
Renewable resources (conservation)	48	<1%
Dropped from pilot	31	<1%
Contacts from suppliers	31	<1%
Status of applications/licensing	27	<1%
Status of restructuring	26	<1%
Confusing bill	15	<1%
Other	11	<1%
Total	18,645	100%

In most instances, the BCS classified the contacts to the hotline as inquiries because they required no investigation or follow-up. The BCS staff person was able to take care of the consumer's request or question at the initial contact. However, as the pilot programs began operating, some consumer contacts required further investigation and possibly action to resolve the consumers' concerns. In these cases the BCS more appropriately classified the contacts as consumer complaints and added a new complaint category for competition issues to its information system. For example, consumer complaints about being assigned to an electric generation supply company without the consumer's consent or knowledge (slamming) will be in this new category. The BCS recognizes that the purpose of the EDC pilot programs is to uncover and solve problems associated with the transition to customer choice. The pilot phase will allow problems to be resolved before large numbers of electric customers are eligible to choose their electric generation supply company. Thus, the BCS believes that it would be unfair to include competition complaints with consumer complaints about other issues when it calculates the performance measures used to evaluate and compare companies within an industry. Therefore, the BCS eliminated the 14 competition-related complaints from the data set used to prepare the tables in the industry-specific chapters that follow. Appendix A-1 explains the types of competition complaints that the BCS handles.

Informal Compliance Process & Infractions

The Bureau's primary compliance effort remains its informal compliance process. This process gives each utility specific examples of its infractions of Chapter 56 and 64. The utilities can use the information to pinpoint and voluntarily correct deficiencies in their customer service operations. The informal compliance process uses consumer complaints to identify, document, and notify utilities of apparent deficiencies. The process begins by the BCS notifying a utility of an alleged infraction. A utility that receives notification of an allegation has an opportunity to affirm or deny the information. If the information about the allegation is accurate, the utility indicates the cause of the problem (i.e., employee error, procedures, a computer program, etc.). In addition, the utility informs the BCS of the date and action it took to correct this problem.

Corrective actions may entail modifying a computer program; revising the text of a notice, bill, letter or company procedures; or providing additional staff training to ensure the proper use of a procedure. If the utility states that the information is inaccurate, the utility provides specific details and supporting data to disprove the allegation. The BCS always provides a final determination to the utility regarding the alleged infraction. For example, if the utility provides supporting data indicating that the information about the allegation is inaccurate, the BCS after reviewing all the information, would inform the utility that, in this instance, the facts do not reflect an infraction of the regulations. On the other hand, if the company agrees that the information forming the basis of the allegation is accurate and indicates the cause of the problem to be other than an employee error, or if the BCS does not find that the data supports the utility's position that the information is inaccurate, the BCS would inform the company that the facts reflect an infraction of a particular section of the regulations. The notification process allows utilities to receive written clarifications of Chapter 56 or 64 provisions and Commission and BCS policies.

The significance of infractions identified by the informal compliance process is frequently emphasized by the fact that some represent systematic errors that are widespread and affect many utility customers. Since the BCS receives only a small portion of the complaints that customers have with their utility companies, limited opportunities exist to identify such errors. Therefore, the informal compliance process is specifically designed to help utilities identify systematic errors. One example of a systematic error is a termination notice with text that does not comply with the requirements of Chapter 56. Each recipient of the notice is affected by this error. When such an error is discovered, the BCS encourages utilities to investigate the scope of the problem and take corrective action. Some utilities have developed their own information systems to identify problems by reviewing complaints before they come to the Commission's attention. The BCS encourages utilities to continue this activity and share their findings with Bureau staff.

2. Performance Measures

For the most part, the Bureau of Consumer Services uses the complaints it receives from customers of the major electric, gas, water and telephone utilities to assess utilities' complaint handling performance. In nearly every case, the customer had already contacted the company about the problem prior to contacting the BCS. The BCS reviews the utility's record as to how the utility handled the complaint when the customer contacted the company. The review includes several classifications and assessments that form the basis of all the performance measures presented in this and the next four chapters, with the exception of the number of terminations and termination rate. The termination statistics for the electric and gas companies are drawn from reports required by Chapter 56.231(8) while telephone termination statistics are drawn from reports required by Chapter 64.201(7).

The sections that follow explain the various measures that the BCS employs to assess utility performance.

Consumer Complaint Rate

The calculation of consumer complaint rate (consumer complaints per one thousand residential customers) permits the reader to make comparisons among utilities of various sizes. The BCS has found that high consumer complaint rates and extreme changes in consumer complaint rates from one year to the next are often indicative of patterns and trends that it should investigate. However, many of the complaints in the consumer complaint rate are not "justified". The "justified consumer complaint rate" (justified consumer complaints per one thousand residential customers) is a truer indication of a utility's complaint handling performance.

Justified Consumer Complaint Rate

The Bureau of Consumer Services uses case evaluation to identify whether or not correct procedures were followed by the utility in responding to the customer's complaint prior to the intervention of the Bureau. In other words, case evaluation is used to determine whether a case is "justified." A customer's case is considered "justified" 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. In the judgment of the BCS, a case that is "justified" is a clear indication that the company did not handle a dispute properly or effectively, or in handling the dispute, the company violated a rule, regulation or law. There are two additional complaint resolution categories. "Unjustified" complaints are those cases in which the company

demonstrates that correct procedures were followed prior to BCS intervention. “Inconclusive” complaints are those in which insufficient records or equivocal findings make it difficult to determine whether or not the customer was justified in the appeal to the Bureau. The majority of cases fall into either the “justified” or “unjustified” category.

The performance measure called “justified consumer complaint rate” reflects both volume of complaints and percent of consumer complaints found justified. Justified consumer complaint rate is the number of justified consumer complaints for each 1,000 residential customers. By using this ratio, the reader can use the “justified” rate to compare utilities’ performance within an industry and across time. The BCS perceives the justified consumer complaint rate to be a bottom line measure of performance that evaluates how effectively a company handles complaints from its customers.

The Bureau of Consumer Services monitors the complaint rates and justified rates of the major utilities, paying particular attention to the number of justified complaints that customers file with the Commission. Justified complaints indicate that the subject utilities did not follow the PUC’s rules, procedures or regulations when they dealt with their customers. Justified complaints may indicate areas where the BCS should discuss complaint-handling procedures with a utility so that its customers receive fair and equitable treatment when they deal with the utility. When the BCS encounters company case handling performance (justified consumer complaint rate) that is significantly worse than average, there is reason to suspect that many customers who contact the utility are at risk of improper dispute handling by the utility. As part of the monitoring process, the BCS compares the “justified” rates of individual utilities and industries over time and investigates significant changes when they occur. In the chapters that follow, the BCS compares the consumer complaint rates and the justified consumer complaint rates of the major utilities within the electric, gas, water and telephone industries.

Response Time to Consumer Complaints

Once a customer contacts the BCS with a complaint about a utility, the Bureau notifies the utility. The utility then sends the BCS records of its contact with the customer regarding the complaint. Response time is the time span in days from the date of the Bureau of Consumer Services’ first contact with the utility regarding a complaint, to the date on which the utility provides the BCS with all of the information needed to resolve the complaint. Response time quantifies the speed of a utility’s response to BCS informal complaints. In the following chapters and in Appendix D, response time is presented as the average number of days that each utility took to supply the BCS with complete complaint information.

Payment Arrangement Request Rate

The Bureau of Consumer Services normally intervenes at the customer's request only after direct payment negotiations between the customer and the company have failed. The volume of payment arrangement requests (PARs) from a utility's customers may fluctuate from year to year or even from month to month depending upon the utility's collection strategy as well as economic factors. The calculation of the payment arrangement request rate (payment arrangement requests per 1,000 residential customers) permits the reader to make comparisons among utilities with differing numbers of residential customers. Nevertheless, unusually high or low rates and sizable changes in rates from one year to the next may reflect changes in company policies or bill collection philosophies, as stated earlier, or they may be indicative of problems. The BCS views such variations as potential areas for investigation. Clearly, improved access to the Bureau of Consumer Services has impacted the number of consumers who are able to contact the BCS about payment arrangements. In addition, as utilities have become more aggressive in seeking to collect outstanding bills, the number of PARs to the BCS continues to increase. Many of the payment arrangement requests in the PAR rates are not "justified". The "justified payment arrangement request rate" (justified payment arrangement requests per one thousand residential customers) is a truer indication of a utility's payment negotiation performance.

Justified Payment Arrangement Request Rate

Just as with consumer complaints, once a customer contacts the Bureau with a payment arrangement request, the Bureau notifies the utility. The company sends a report to the BCS that details the customer payments, usage and payment negotiation history. A BCS investigator considers the customer's record and makes a decision regarding the amortization of the amount owed and notifies the company and the customer of the decision. The BCS research unit reviews the record to determine if the utility negotiated properly with the customer and uses this record to determine the outcome of the case. There are three possible case outcome classifications: "justified", "inconclusive" and "unjustified". This approach evaluates companies negatively only where, in the judgment of the BCS, appropriate payment negotiation procedures were not followed or where the regulations have been violated. Specifically, a case is considered "justified" in the appeal to BCS if it is found that, prior to BCS intervention, the company did not comply with PUC regulations, reports, Secretarial Letters, tariffs, or guidelines. "Unjustified" payment arrangement requests are those in which the company demonstrates that correct procedures were followed prior to BCS intervention. "Inconclusive" PARs are those in which incomplete records or equivocal accounts make it difficult to determine whether or not the customer was justified in the appeal to the Bureau.

Changes in company policy can influence not only the volume of PARs to the Commission but also the effectiveness of a utility's payment negotiations. The Bureau uses the "justified payment arrangement request rate" to measure a utility's performance at handling payment arrangement requests from customers. The justified payment arrangement request rate is the ratio of the number of justified PARs for each 1,000 residential customers. The Bureau of Consumer Services monitors the justified PAR rates of the major utilities. For example, the BCS compares the "justified" rates of individual utilities and industries over time and investigates significant changes when they occur. In the chapters that follow, the BCS compares the PAR rates and the justified PAR rates of the major utilities within the electric, gas, water and telephone industries. Because the BCS receives a very large volume of requests for payment terms, it reviews a random sample of cases for the companies with the largest number of PARs. For these companies, justified payment arrangement request rate and response time are based on a subset of the cases that came to the BCS.

Response Time to Payment Arrangement Requests

Once a customer contacts the BCS with a payment arrangement request, the Bureau notifies the utility. The utility then sends the BCS records that include the customer's payment history, the amount owed, prior payment arrangements, and the results of the most recent payment negotiation with the customer. Response time is the time span in days from the date of the Bureau of Consumer Services' first contact with the utility regarding a payment arrangement request to the date on which the utility provides the BCS with all of the information it needs to issue payment terms, resolve any other issues raised by the customer and determine whether or not the customer was justified in seeking a payment arrangement through the BCS. Response time quantifies the speed of a utility's response to BCS payment arrangement requests. In the following chapters and in Appendix F, response time is presented as the average number of days that each utility took to supply the BCS with the necessary information. The Commission is currently working on a project to transfer data electronically from utilities to the BCS. When this project is successfully completed, utility response time may decrease.

Infraction Rate

During 1997, the BCS continued its informal compliance notification process to improve utility compliance with applicable statutes and regulations relating to the treatment of residential accounts. In order to compare utilities of various sizes within an industry, the Bureau has calculated a measure called "infraction rate". The infraction rate is the number of informally verified infractions for each 1,000 residential customers.

Although the BCS has reported a compliance rate for the major telephone companies since 1989, it introduced “infraction rates” for the electric, gas and water utilities in last year’s report on 1996 activity.

Several considerations are important to keep in mind when viewing the infraction rate charts in the chapters that follow. First, the data does not consider the causes of the individual infractions. Secondly, some infractions may be more serious than others because of their systemic nature, and therefore may show ongoing or repetitive occurrences. Still other infractions may be more serious because they involve threats to the health and safety of utility customers.

The value of the infraction rate is to depict industry trends over time. The trend for 1997 is calculated using the BCS’ Compliance Tracking System’s (CTS) data as of June 1998. The 1997 trends may change if the total number of infractions increases. This would occur if new infractions are discovered from customer complaints that originated in 1997 but were still under investigation by the Bureau when the data was retrieved from the CTS. Often, the total number of infractions for the year will be greater than the number cited in this report. The Bureau will update the number of infractions found on 1997 cases in the report on 1998 complaint activity. Infraction rates for each major electric, gas, water and telephone company are shown for 1995, 1996 and 1997 in the chapters that follow. Appendix G shows additional 1995-1997 infraction statistics.

Termination Rate

Payment over time through a mutually acceptable payment arrangement is one possible outcome when a customer owes an outstanding balance to a utility company. Termination of the utility service is another. The Bureau of Consumer Services views termination of utility service as a utility’s last resort when customers fail to meet their payment obligations. The calculation of termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. Termination rate is the number of service terminations for each 1,000 residential customers. Any significant increase in termination rate would indicate a trend or pattern that the Commission may need to investigate. Water utilities do not report service termination statistics to the Commission; thus the water industry chapter does not include termination rate information.

BCS Performance Measures & Industry Chapters

The industry chapters that follow present charts that depict the performance of each of the major electric, gas, water and telephone utilities. Each chapter includes

charts that show the consumer complaint rate and the justified consumer complaint rate of each major utility. Also included in the industry chapters are charts that show the 1997 payment arrangement request rates and the justified payment arrangement request rates for each of the major utilities. The charts also show the average of the rates of the major utilities within the industry for each of these measures. In addition, each industry chapter presents charts and tables that show infraction rates for the major utilities, response time to both consumer complaints and payment arrangement requests, and termination rates for the major electric, gas, and telephone utilities.

It is important to note that the industry chapters present only data from those utilities that have more than 100,000 residential customers. In the Water Industry Chapter, data for the 11 Class A water utilities that have less than 100,000 residential customers are presented together as a whole. The Bureau has found that the inclusion of scores for the smaller utilities can skew the average of industry scores in ways that do not fairly represent industry performance. For this reason, the BCS has excluded the statistics involving smaller utilities when it calculated the 1997 averages of industry scores. In the future, the Commission may undertake a project in which it calculates and reports performance measure statistics for the smaller utilities.

3. Electric Industry

In 1997, the Commission had jurisdiction over 17 electric utilities. However, the majority of the consumer complaints and payment arrangement requests involving the electric industry were from residential customers of the six largest electric utility companies: Allegheny Power, Duquesne Light Company, GPU Energy, PECO Energy, Pennsylvania Power Company and PP&L, Inc. This chapter will focus exclusively on those six utilities. Most of the complaints and payment arrangement requests dealt with matters covered under 52 PA Code, Chapter 56, the Standards and Billing Practices for Residential Utility Service. For the most part, these consumer complaints and payment arrangement requests represent customer appeals to the Commission resulting from the inability of the company and the customer to reach a mutually satisfactory resolution to a dispute or payment negotiation.

The tables and charts on the pages that follow depict the performance of each of the six largest electric utilities in 1997. The tables in the appendices include UGI-Electric, a major electric utility with fewer than 100,000 residential customers. The Bureau investigated complaints in 1997 that were generated as a result of the electric pilot programs that allowed participants to choose an electric generation supply company. However, as mentioned in the first chapter, the BCS removed these complaints from the data base it used to prepare the tables and charts in this report. Appendices B through G present the actual statistics that the Bureau used to produce the charts in this chapter.

Consumer Complaints

During 1997, the BCS handled a total of 2,254 consumer complaints from customers of the various electric utilities; 2,044 of the complaints were filed by residential customers. Of those residential complaints, 93% (1,892) were from customers of the six largest electric utilities.

Consumer Complaint Categories

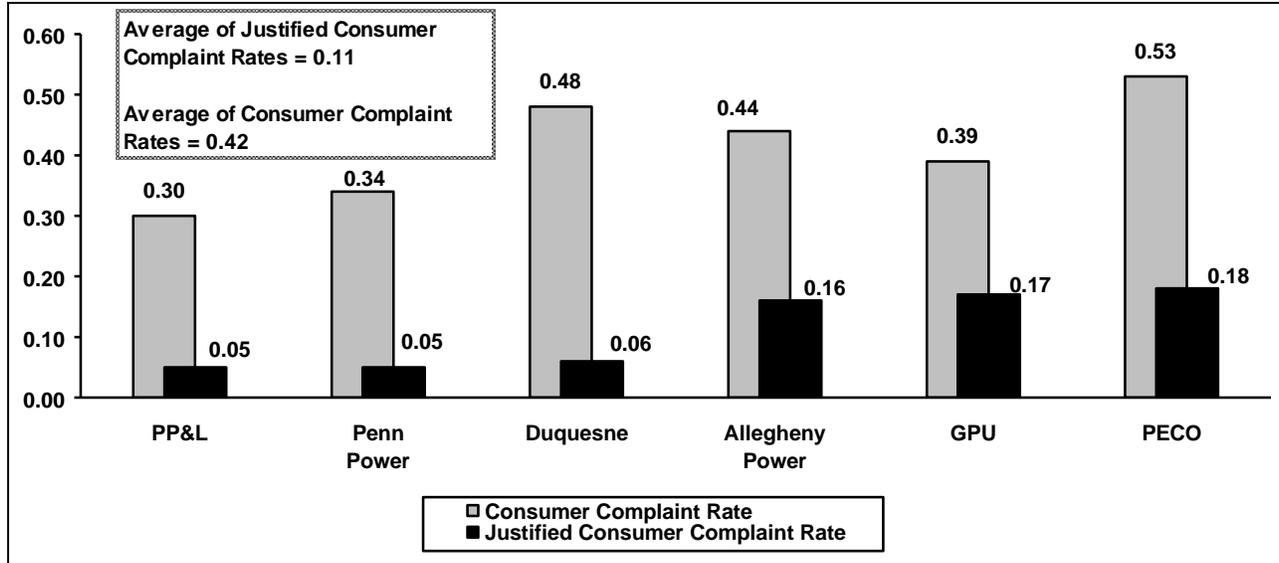
After a BCS investigator closes a consumer complaint, the BCS research unit reviews the complaint, categorizes it into a specific problem category and enters it into the Bureau's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 1997 complaints from residential customers of the six largest electric utilities in each of the 13 categories used by the BCS research unit to categorize consumer complaints about electric, gas and water utilities. Appendix C, Table 1 provides the actual number of cases that fell into each category in 1997.

Consumer Complaint Categories: 1997 Major Electric Utilities

Categories	Allegheny Power	Duquesne	GPU	PECO	Penn Power	PP&L	Electric Majors
Metering	17%	13%	21%	13%	8%	15%	15%
Billing Disputes	30%	32%	29%	32%	16%	40%	32%
Discontinuance/ Transfer	7%	12%	8%	9%	8%	10%	9%
Other Payment Issues	3%	2%	3%	3%	6%	6%	4%
Credit & Deposits	2%	6%	3%	1%	11%	2%	3%
Service Extensions	3%	1%	5%	3%	14%	5%	3%
Service Interruptions	6%	11%	7%	4%	3%	6%	6%
Service Quality	8%	5%	5%	9%	8%	5%	7%
Damages	11%	6%	5%	4%	6%	4%	5%
Scheduling Delays	3%	4%	4%	2%	6%	1%	3%
Personnel Problems	6%	5%	3%	16%	6%	1%	8%
Rates	1%	1%	1%	0%	0%	2%	1%
All Other Problems	3%	2%	6%	4%	8%	3%	4%
TOTAL	100%	100%	100%	100%	100%	100%	100%

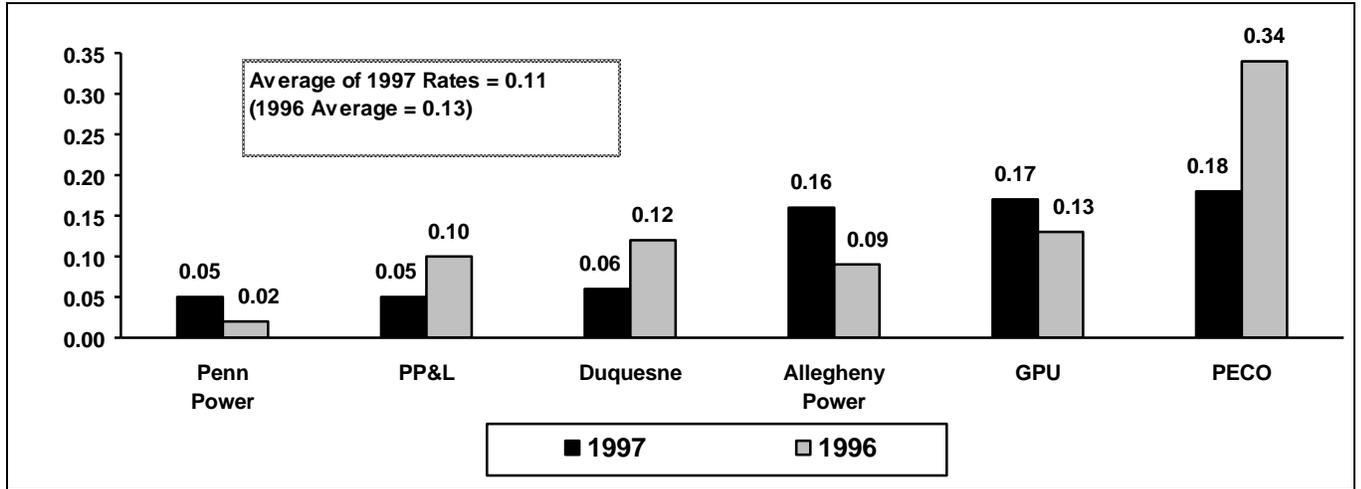
- Categories are for all residential complaints filed with BCS: justified, inconclusive and unjustified. See Appendix A-1 for an explanation of complaint categories and Appendix B-1 for the number of cases in each category.
- In 1997, thirty-two percent of the consumer complaints about the major electric utilities involved billing disputes.
- The percentage of complaints about metering decreased by 10% from 1996 to 1997. In 1996, metering complaints accounted for 23% of the total volume of consumer complaints about the electric industry.

1997 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Electric Utilities



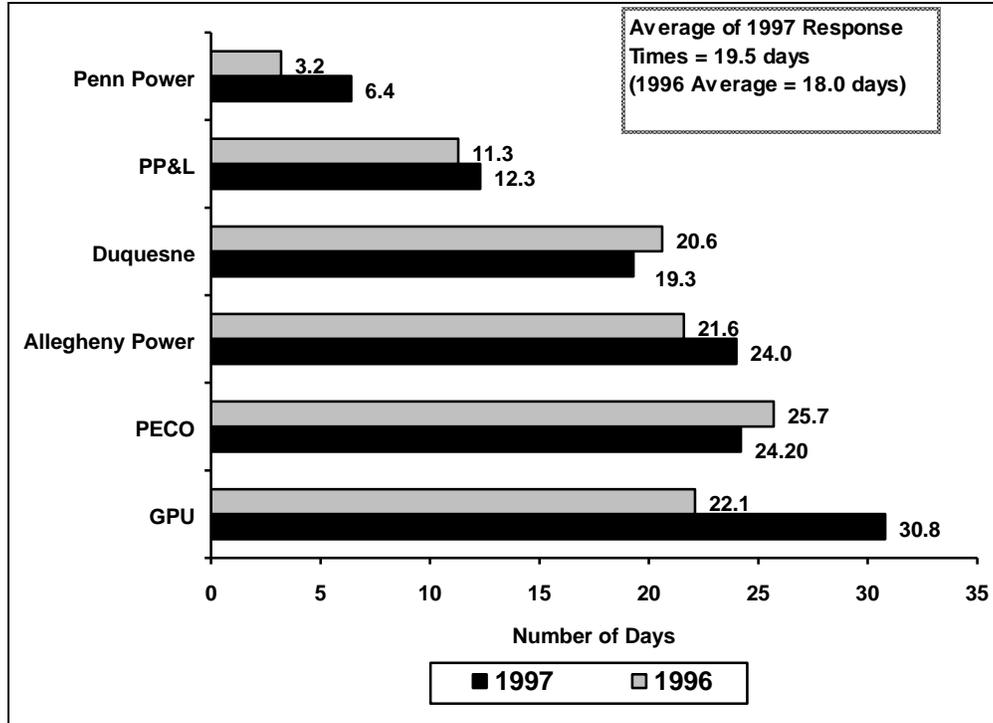
- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers. The consumer complaint rate equals the number of consumer complaints for each 1,000 residential customers.
- For the major electric utilities, the average of the consumer complaint rates is more than three times greater than the average of the justified consumer complaint rates.
- Appendix C, Table 1 presents the number of consumer complaints and justified consumer complaints for each major electric utility in 1997.

1996-1997 Justified Residential Consumer Complaint Rates Major Electric Utilities



- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers.
- The average of the justified consumer complaint rates for the major electric utilities decreased from 1996 to 1997. The justified rates for three of the six major electric utilities shown in the chart decreased from 1996 to 1997.
- GPU's 1997 justified residential consumer complaint rate is compared with a combination of the 1996 rates of Met-Ed and Penelec.
- Appendix C, Table 1 presents the number of justified consumer complaints for each major electric utility in 1996 and 1997.

1996-1997 Response Time to BCS Residential Consumer Complaints Major Electric Utilities

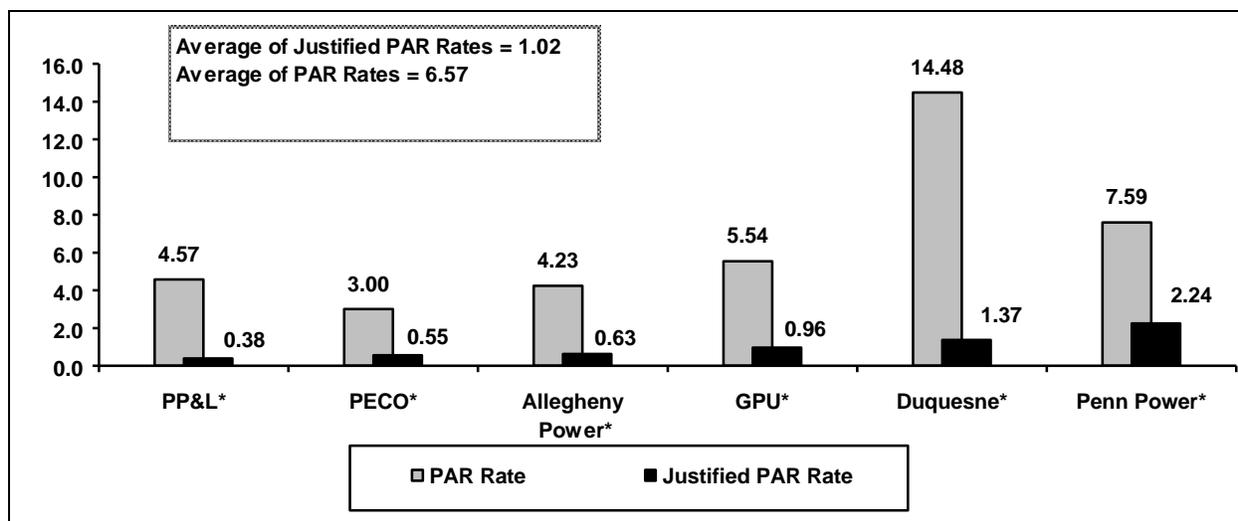


- The average response time increased by 1.5 days from 1996 to 1997. In 1996 the average response time increased by 4.7 days from 1995. In 1997, the average response time to consumer complaints increased for four of the six major electric utilities.
- The chart compares 1997 response time for GPU with a combination of the 1996 response times of Met-Ed and Penelec.
- Appendix D shows the 1996 and 1997 response times to consumer complaints for each of the major electric utilities as well as for the major gas, water and telephone utilities.

Payment Arrangement Requests

In 1997, the Bureau of Consumer Services handled 25,534 payment arrangement requests (PARs) from customers of the electric industry; 25,086 were from residential customers. Ninety-nine percent (24,923) of the residential PARs were from customers of the six largest electric utilities. For the companies with the largest volume of requests, the Bureau research unit reviewed a representative sample of PARs for case outcome and response time. In 1997, the BCS reviewed a sample of the PARs for each of the six largest electric utilities: Allegheny Power, Duquesne, GPU, PECO, Penn Power and PP&L. Thus, the calculations for justified payment arrangement request rate and response time that appear in the pages that follow are based on a subset of cases that the BCS received from customers of these utilities. The BCS believes that the size of the samples gives an adequate indication of the performance of these companies. Appendix E, Table 1 provides additional statistics regarding the payment arrangement requests from residential customers of the major electric utilities.

1997 Residential Payment Arrangement Request Rates/ Justified Payment Arrangement Request Rates Major Electric Utilities

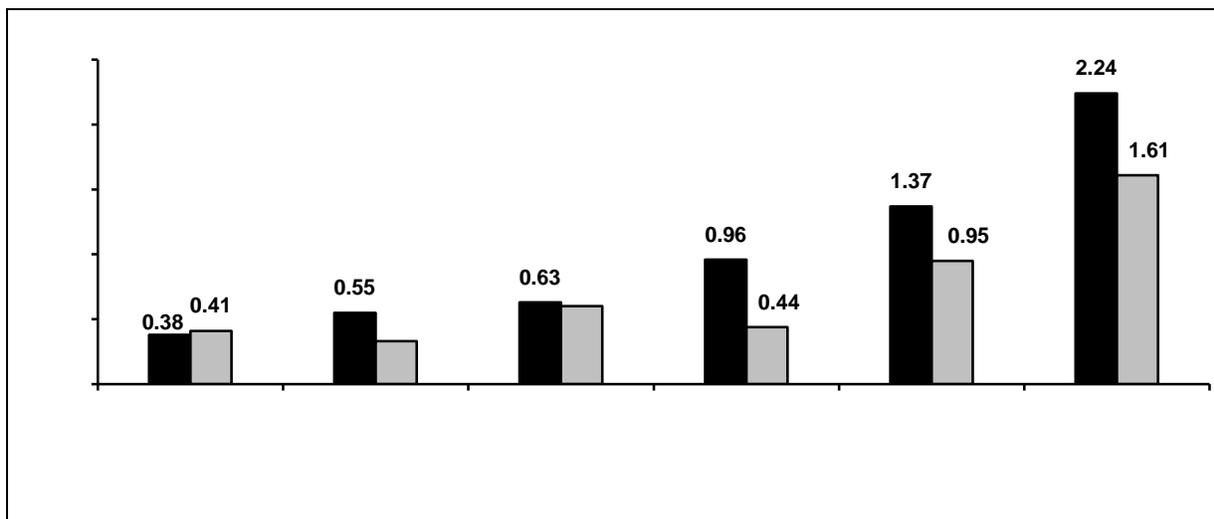


* JPAR Rates based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for each 1,000 residential customers.

- On average, there were more than six payment arrangement requests to the BCS for each 1,000 residential customers of the major electric utilities in 1997.
- Appendix E, Table 1 presents the number of payment arrangement requests and justified payment arrangement requests for each major electric utility in 1997.

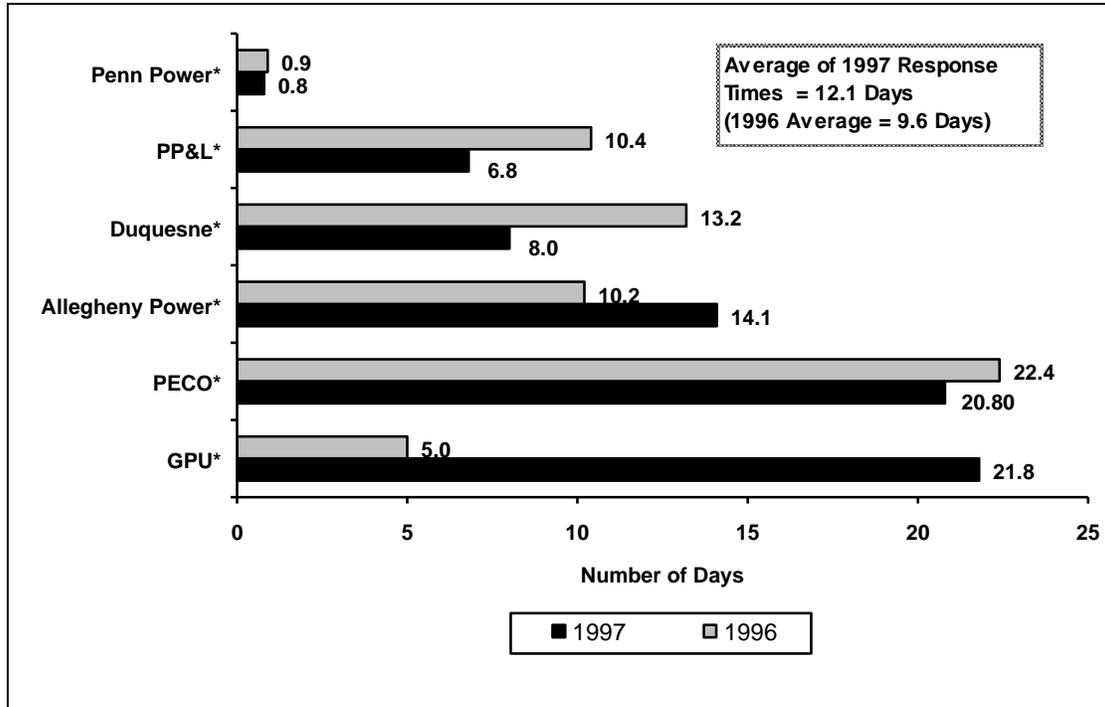
1996-1997 Justified Residential Payment Arrangement Request Rates Major Electric Utilities



*Based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers.
- The average of the justified PAR rates for the six major electric distribution companies increased by 45% from 1996 to 1997. The justified PAR rates for five of the six major electric distribution companies increased from 1996 to 1997.
- The chart compares the GPU 1997 justified PAR rate with a combination of the 1996 rates of Met-Ed and Penelec.
- Appendix E, Table 1 presents the number of justified payment arrangement requests for each major electric utility in 1996 and 1997.

1996-1997 Response Time to BCS Residential Payment Arrangement Requests Major Electric Utilities



*Based on a probability sample of cases

- The average response time for the six major electric utilities increased by 2.5 days from 1996 to 1997.
- The chart compares the 1997 response time for GPU with a combination of the 1996 response times for Met-Ed and Penelec.
- Appendix F shows the 1996 and 1997 response times to payment arrangement requests for each of the major electric utilities as well as for the major gas and water utilities. Appendix F also shows the 1997 response times for the major telephone utilities.

Termination of Service

Each month the electric companies report to the Commission the number of residential accounts that they terminated during the previous month. Some electric utilities have maintained a fairly consistent pattern of termination behavior while others fluctuate from year to year. The table that follows indicates the annual number of residential accounts each of the six largest electric utilities terminated in 1995, 1996 and 1997. The table also presents the termination rates for each of these companies.

Residential Service Terminations/Termination Rates Major Electric Utilities

Company Name	Residential Service Terminations				Termination Rates		
	1995	1996	1997	% Change in # 1996-1997	1995	1996	1997
Allegheny Power	5,820	3,952	5,354	35%	10.18	6.88	9.27
Duquesne	7,228	8,853	8,905	1%	14.03	17.19	17.26
GPU in 1997	-----	-----	10,520	45%	-----	-----	11.56
Met-Ed (see GPU in '97)	2,239	3,040	See GPU	-----	5.48	7.36	-----
PECO	29,268	31,023	13,945	-55%	22.03	23.30	10.41
Penelec (see GPU in '97)	3,099	4,201	See GPU	-----	6.32	8.54	-----
Penn Power	1,179	1,635	1,722	5%	9.42	12.93	13.48
PP&L	6,455	10,747	9,926	-8%	6.01	9.93	9.11
Major Electric	55,288	63,451	50,372	-21%			
Average of Rates					10.50	12.30	11.85

- The 1997 termination rate of GPU is compared with a combination of the 1996 termination rates of Met-Ed and Penelec.
- Overall, the six major electric utilities terminated fewer residential accounts in 1997 than in 1996.
- As part of a trial collection strategy to target delinquent customers with the ability to pay, PECO terminated fewer residential accounts in 1997 than in the previous two

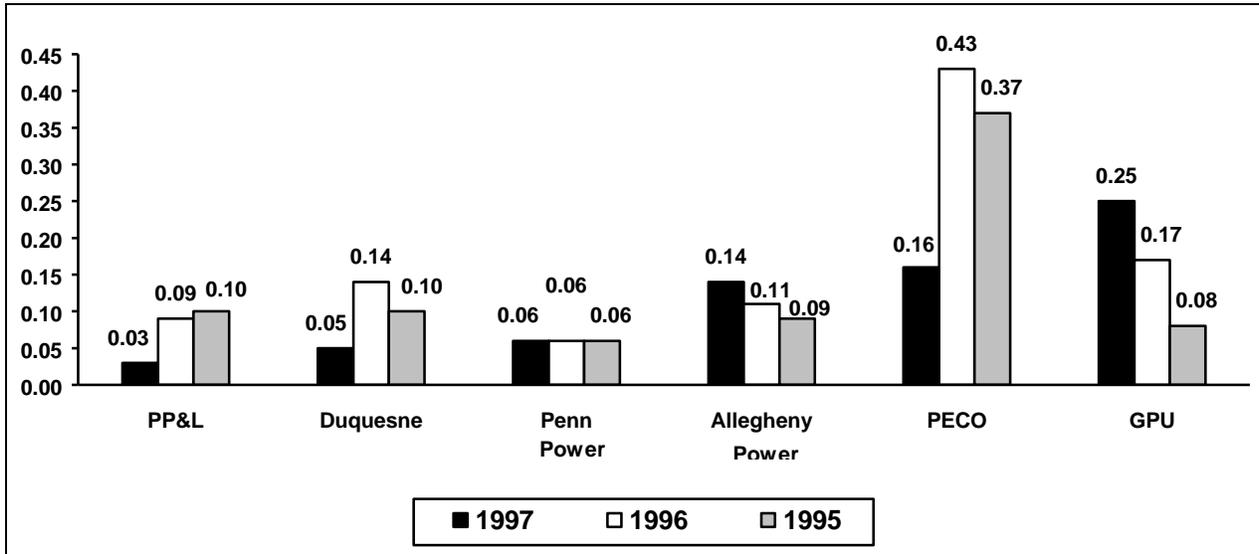
years. In 1998, PECO continues to explore collection strategies in order to improve their collection performance.

Compliance

The use of “infraction rate” in this report is intended to help the Commission monitor the duty of electric distribution companies at 66 Pa. C.S. §2807(d) to, at a minimum, maintain customer services under retail competition at the same level of quality. In subsequent activity reports, the calculation of “infraction rate” for the electric generation suppliers, the new entrants into electric retail competition, will also help the Commission, pursuant to 66 Pa. C.S. §2809(e), monitor and regulate the service of electric generation suppliers. Electric generation suppliers are required at 66 Pa. C.S. §2809(e) and (f) to both comply with Chapter 56 and to implement practices which prevent deterioration of the present quality of service provided by the electric distribution companies.

During 1995, 1996 and 1997, the Bureau determined that the six major electric utilities together logged 2,396 infractions of regulations. The chart that follows and the infraction statistics in Appendix G, Table 1 are drawn from the informal complaints that residential consumers filed with the BCS from 1995 through 1997.

PUC Infraction Rates Major Electric Utilities



- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- Overall, the number of informally verified infractions attributed to the major electric utilities decreased in 1997.
- The 1997 infraction rate of GPU is compared with a combination of the infraction rates of Met-Ed and Penelec for 1995 and for 1996.
- Appendix G, Table 1 presents the actual number of infractions for each major electric utility in 1995, 1996 and 1997.

4. Gas Industry

In 1997, the Commission had jurisdiction over 38 gas utilities. However, the majority of the consumer complaints and payment arrangement requests involving the gas industry came from residential customers of the six major gas utilities: Columbia Gas of Pennsylvania, Equitable Gas, National Fuel Gas Distribution Corporation, PG Energy, Peoples Gas and UGI Utilities-Gas Division. This chapter will focus exclusively on those six utilities. As with the electric industry, most of the complaints and payment arrangement requests dealt with matters covered under 52 PA Code, Chapter 56, the Standards and Billing Practices for Residential Utility Service. These consumer complaints and payment arrangement requests, for the most part, represent customer appeals to the Commission resulting from the inability of the company and the customer to reach a mutually satisfactory resolution to a dispute or payment negotiation.

The tables and charts on the pages that follow depict the performance of each of the six major gas utilities in 1997. Appendices B through G present the actual statistics that the Bureau used to produce the charts in this chapter.

Consumer Complaints

During 1997, the BCS handled a total of 1,127 consumer complaints from customers of the various gas companies; 1,052 of the complaints were filed by residential customers. Of those residential complaints, 92% (968) were from customers of the six major gas companies.

Consumer Complaint Categories

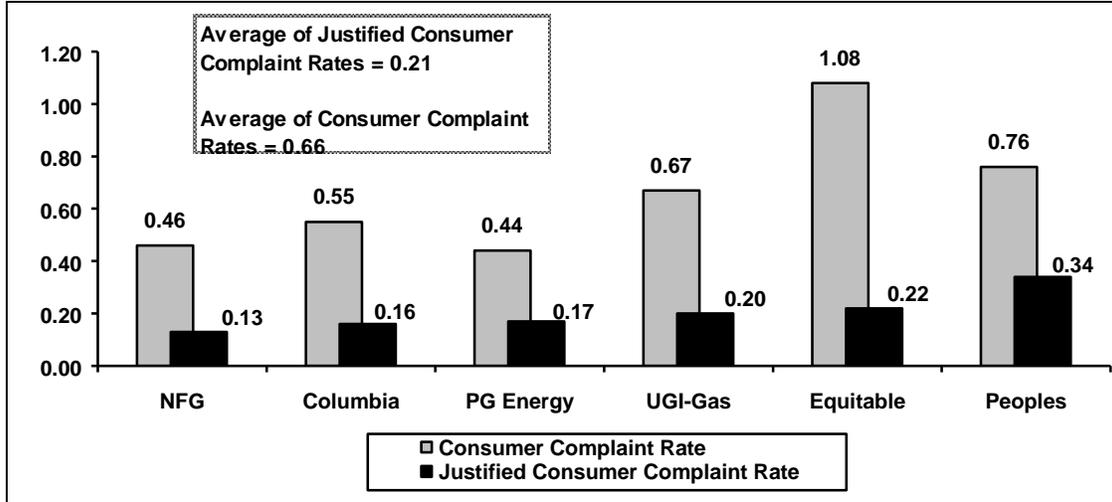
After a BCS investigator closes a consumer complaint, the BCS research unit reviews the complaint, categorizes it into a specific problem category and enters it into the Bureau's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 1997 complaints from residential customers of the six major gas utilities in each of the 13 categories used by the BCS research unit to categorize consumer complaints about electric, gas and water utilities. The percentages shown in the table are for all the cases that residential customers of the major gas utilities filed with BCS, not just cases determined to be justified in coming to the Bureau. Appendix C, Table 2 provides the actual number of cases that fell into each category in 1997.

**Consumer Complaint Categories: 1997
Major Gas Utilities**

Categories	Columbia	Equitable	NFG	PG Energy	Peoples	UGI- Gas	Gas Majors
Metering	36%	19%	12%	17%	31%	22%	25%
Billing Disputes	16%	30%	32%	31%	25%	31%	26%
Discontinuance/ Transfer	6%	9%	19%	4%	12%	16%	11%
Other Payment Issues	4%	11%	5%	0%	3%	5%	5%
Credit & Deposits	1%	6%	3%	0%	3%	9%	4%
Service Extensions	4%	1%	3%	17%	3%	5%	4%
Service Interruptions	2%	1%	0%	0%	0%	0%	1%
Service Quality	4%	4%	8%	8%	2%	2%	4%
Damages	4%	1%	4%	4%	1%	2%	2%
Scheduling Delays	2%	0%	1%	0%	3%	1%	1%
Personnel Problems	7%	7%	4%	9%	5%	4%	6%
Rates	6%	8%	6%	8%	9%	1%	7%
All Other Problems	8%	3%	3%	2%	3%	2%	4%
TOTAL	100%	100%	100%	100%	100%	100%	100%

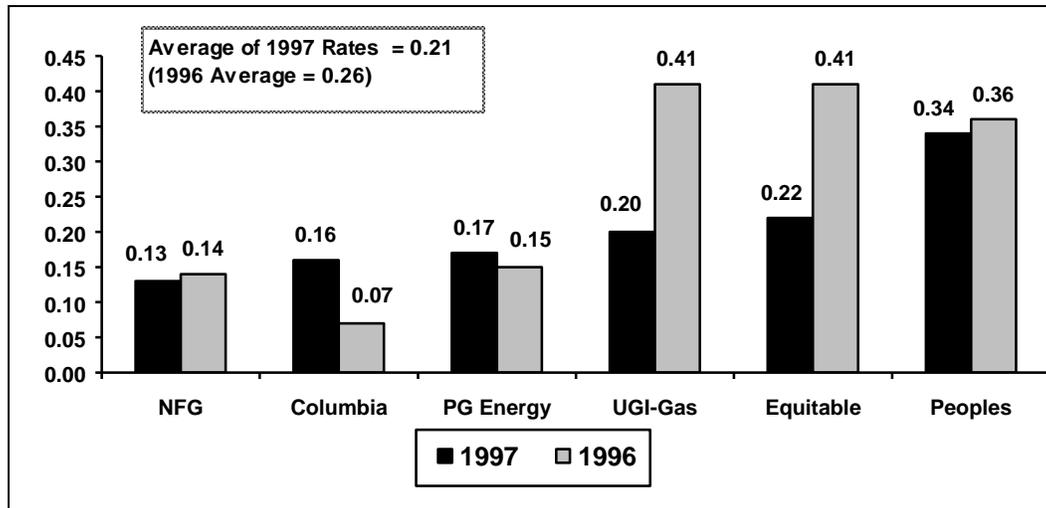
- Categories are for all residential complaints filed with BCS: justified, inconclusive and unjustified. See Appendix A-1 for an explanation of complaint categories and Appendix B-2 for the number of cases in each category.
- More than 50% of the complaints about the major gas utilities in 1997 involved either metering issues or billing disputes.
- Rate complaints about the major gas utilities increased significantly from 1996 to 1997. In 1996, only 1% of consumer complaints related to rates.

1997 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Gas Utilities



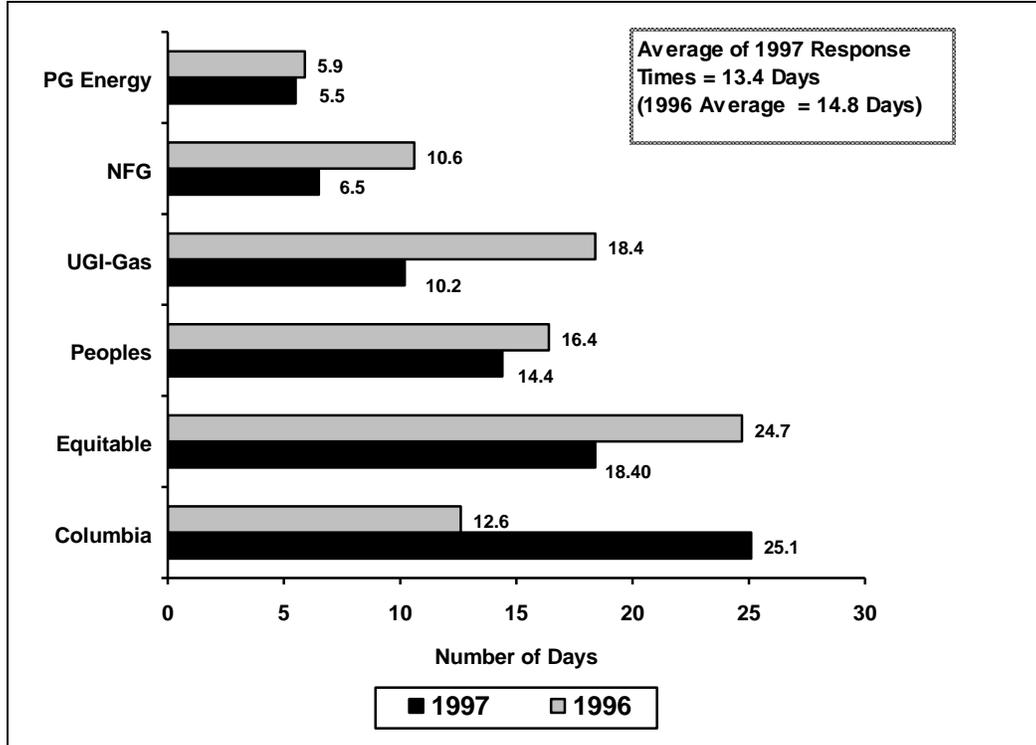
- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers. The consumer complaint rate equals the number of consumer complaints for each 1,000 residential customers.
- For the major gas utilities, the average of the consumer complaint rates is more than 3 times greater than the average of the justified rates.
- Appendix C, Table 2 presents the number of consumer complaints and justified consumer complaints for each major gas utility in 1997.

1996-1997 Justified Residential Consumer Complaint Rates Major Gas Utilities



- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers.
- In 1997, the average of the justified consumer complaint rates of the major gas utilities decreased from 1996. The average justified complaint rate decreased for four of the six major gas utilities in 1997.
- Appendix C, Table 2 shows the number of justified consumer complaints for each major gas utility in 1996 and 1997.

1996-1997 Response Time to BCS Residential Consumer Complaints Major Gas Utilities

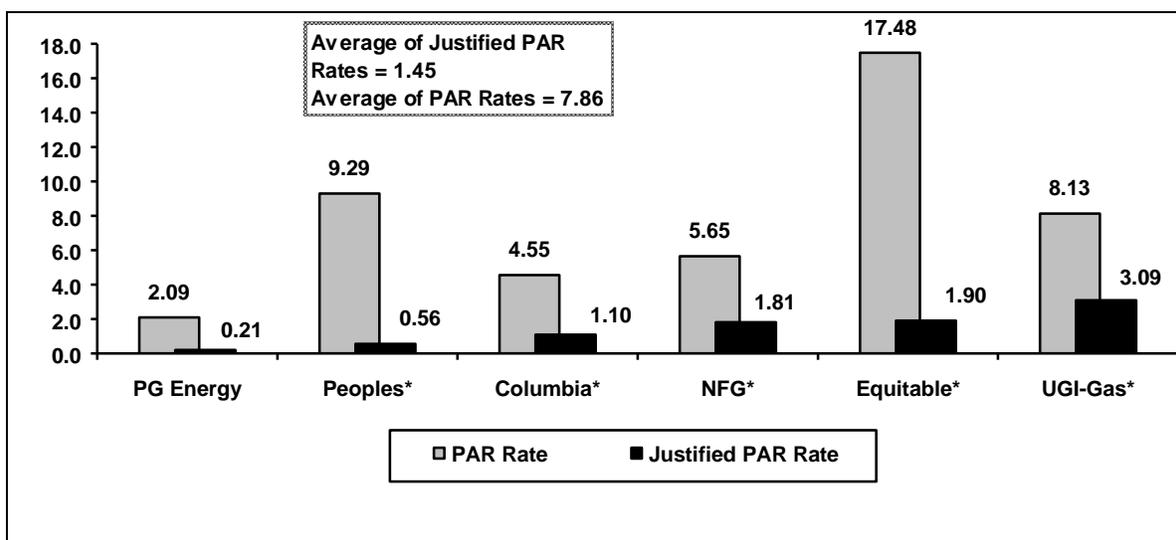


- The average response time for the major gas utilities decreased by 1.4 days from 1996 to 1997. All but one major gas utility decreased response time to consumer complaints in 1997, compared to 1996.
- Appendix D shows the 1996 and 1997 response times to consumer complaints for each of the major gas utilities as well as for the major electric, water and telephone utilities.

Payment Arrangement Requests

In 1997, the Bureau of Consumer Services handled 12,133 payment arrangement requests (PARs) from customers of the gas industry; 12,053 were from residential customers. Ninety-seven percent (11,645) of the residential PARs were from customers of the six major gas utilities. As in past years, for the companies with the largest volume of requests, the Bureau research unit reviewed a representative sample of PARs for case outcome and response time. In 1997, the BCS reviewed a sample of the PARs for the following gas utilities: Columbia, Equitable, NFG, Peoples, and UGI-Gas. Thus, the calculations for justified payment arrangement request rate and response time that appear in the pages that follow are based on a subset of cases that the BCS received from customers of these utilities. The BCS believes that the size of the samples gives an adequate indication of the performance of these companies. Appendix E, Table 2 provides additional statistics regarding the payment arrangement requests from residential customers of the major gas utilities.

1997 Residential Payment Arrangement Request Rates/ Justified Payment Arrangement Request Rates Major Gas Utilities

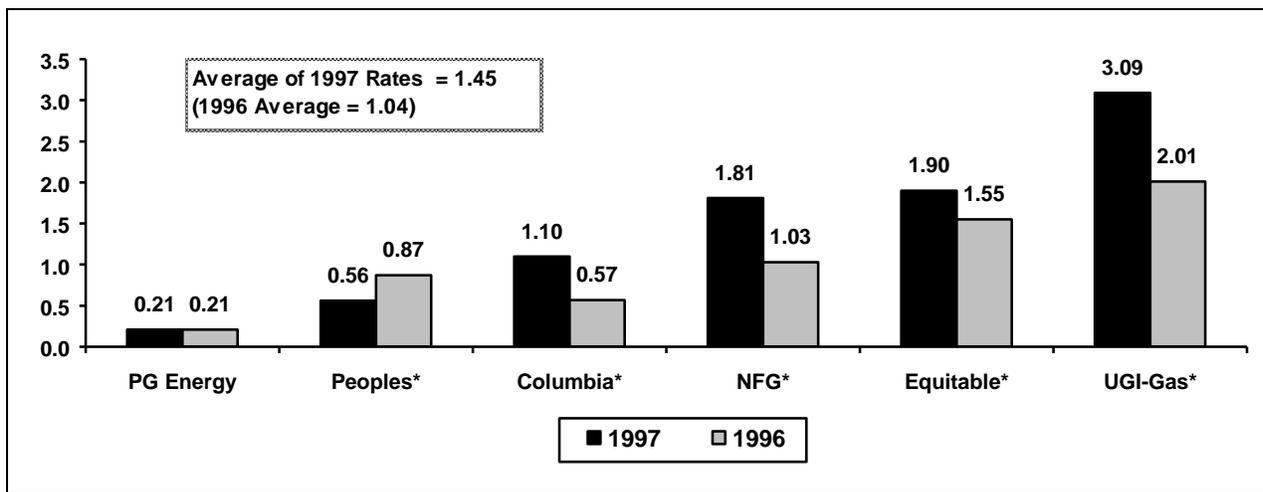


* JPAR rates based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for each 1,000 residential customers.

- In 1997, the average of the PAR rates for the major gas utilities is 40% higher than it was in 1996.
- Appendix E, Table 2 presents the number of payment arrangement requests and justified payment arrangement requests for each major gas utility in 1997.

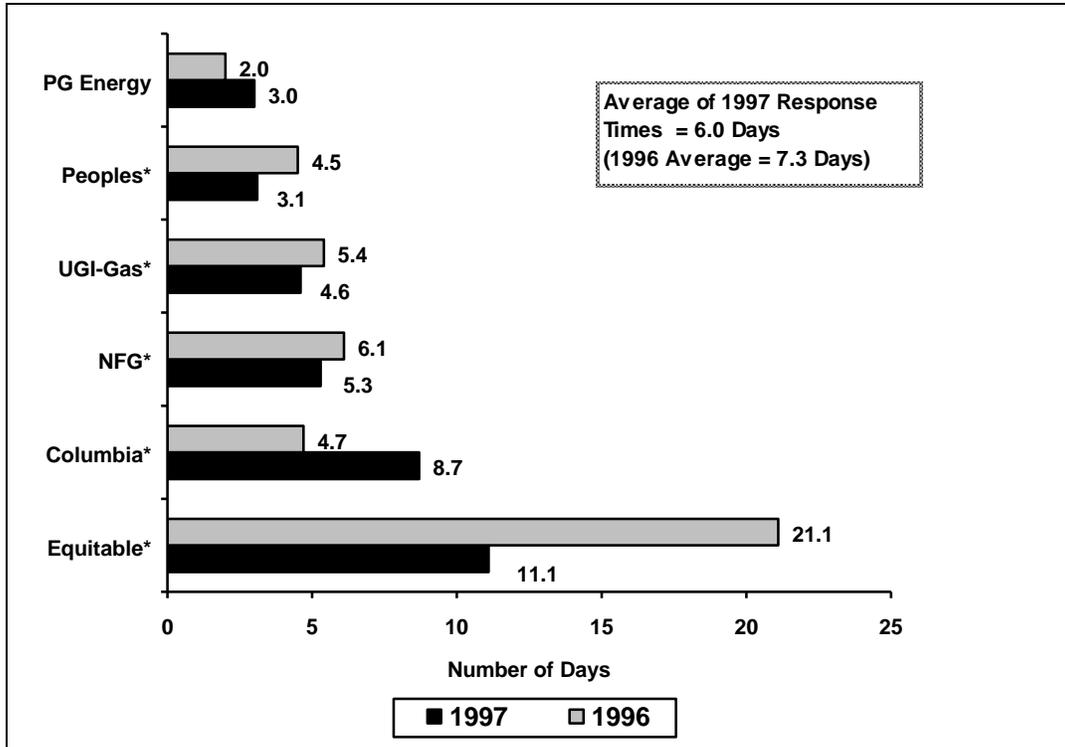
1996-1997 Justified Residential Payment Arrangement Request Rates Major Gas Utilities



* Based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers.
- The average of the justified PAR rates for the six major gas utilities increased by 39% for the six major gas utilities. On average, there were almost 1.5 justified payment arrangement requests for each 1,000 residential customers of these companies in 1997.
- Appendix E, Table 2 presents the number of justified payment arrangement requests for each major gas utility in 1996 and 1997.

1996-1997 Response Time to BCS Residential Payment Arrangement Requests Major Gas Utilities



* Based on a probability sample of cases

- From 1996 to 1997, the average response time to BCS payment arrangement requests decreased by 1.3 days.
- Four of the six major gas utilities had shorter response times to BCS payment arrangement requests in 1997 than in 1996.
- Appendix F shows the 1996 and 1997 response times to payment arrangement requests for each of the major gas utilities as well as for the major electric and water utilities. Appendix F also shows the 1997 response times to PARs for the major telephone utilities.

Termination of Service

Each month, the gas utilities report to the Commission the number of residential accounts that they terminated during the previous month. Some utilities have maintained a fairly consistent pattern of termination behavior, while others fluctuate from year to year. The table that follows indicates the annual number of residential accounts each of the six largest gas utilities terminated in 1995, 1996 and 1997. The table also presents the termination rates for each of these companies.

Residential Service Terminations/Termination Rates Major Gas Utilities

Company Name	Residential Service Terminations				Termination Rates		
	1995	1996	1997	% Change in # 1996-1997	1995	1996	1997
Columbia	3,841	4,976	5,490	10%	11.70	15.06	16.76
Equitable	2,988	3,323	3,361	1%	13.05	14.51	14.70
NFG	3,231	3,927	5,500	40%	16.70	20.18	28.23
Peoples	3,931	3,217	4,513	40%	12.57	10.21	14.26
PG Energy	2,266	2,175	2,960	36%	17.71	16.78	22.47
UGI-Gas	4,135	5,274	6,474	23%	18.88	23.72	28.58
Major Gas	20,392	22,892	28,298	24%			
Average of Rates					15.10	16.74	20.83

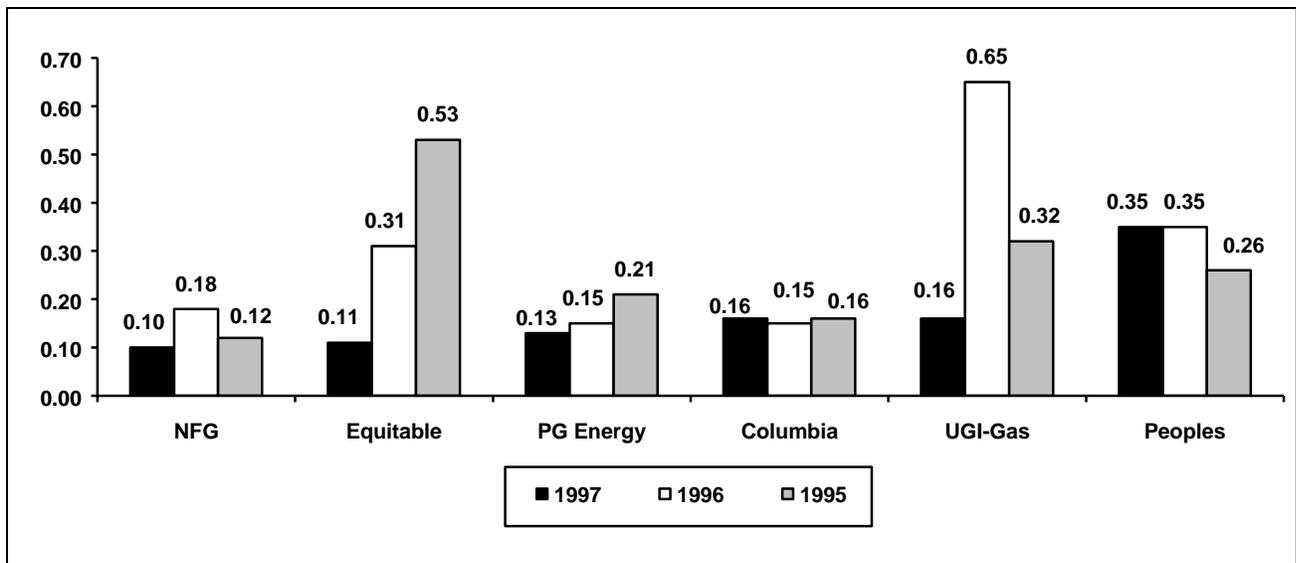
- Each of the major gas utilities terminated more residential accounts in 1997 than they did in 1996.

Compliance

The Bureau's primary compliance effort is its informal compliance process. This process provides utilities with specific examples of apparent problems that may reflect infractions of Chapter 56 regulations. Often, through the informal notification process, the BCS provides utilities with written clarifications or explanations of Chapter 56 provisions and Bureau policies.

During 1995, 1996 and 1997, the Bureau determined that the six major gas utilities together logged 1,071 infractions of regulations. The chart that follows and the infraction statistics in Appendix G, Table 2 are drawn from the informal complaints that residential consumers filed with the BCS from 1995 through 1997.

PUC Infraction Rates Major Gas Utilities



- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- Overall, infraction rates decreased for the major gas utilities in 1997.
- Infraction rates decreased for four of the six major gas utilities in 1997.
- Appendix G, Table 2 presents the actual number of infractions for each major gas utility in 1995, 1996 and 1997.

5. Water Industry

In 1997, the Commission had jurisdiction over 207 water utilities, including approximately 45 municipal water companies. The Commission categorizes the non-municipal water utilities into one of four classifications: A, B, C and Short Form. These four classifications are based on the amount of the utility's annual revenues.

The non-municipal water utilities with the largest annual revenues are classified as Class A water utilities. Class A water companies must have annual revenues of \$750,000 or more for three years in a row. In 1997 there were 13 Class A water companies that served the vast majority of residential water customers. In 1997, the number of residential customers for these companies ranged from 1,815 residential customers (Audubon Water) to 492,306 residential customers (Pennsylvania-American Water Company). In 1997, the Class A water companies included Audubon Water Company, Citizens Utilities Water - PA, Columbia Water Company, Consumers PA Water, Company - Susquehanna Division, Consumers PA Water - Shenango Division, Consumers Water Company - Roaring Creek Division, Manufacturer's Water Company (no residential customers), National Utilities, Inc., Newtown Artesian Water Company, Pennsylvania-American Water Company, Philadelphia Suburban Water Company, United Water of Pennsylvania, Inc. and York Water Company. The tables and charts in this chapter present statistics for the two largest water companies -- Pennsylvania-American Water Company and Philadelphia Suburban Water Company -- and for the other "Class A" companies as a whole.

The other classes of water companies have lower annual revenues and typically, fewer residential customers. Class B water companies have annual revenues between \$100,001 and \$749,999. In 1996, the latest year for which this information is available, the number of residential customers for the Class B companies ranged from 159 to 2,229 residential customers (in 1998, there are 28 Class B companies). Class C water companies have annual revenues between \$5,001 and \$100,000. The number of residential customers for the Class C companies ranged from 19 to 86,354 residential customers in 1996 (in 1998, there are 105 Class C companies). The 14 companies classified as SF (short form) in 1998 have annual revenues of less than \$5,000. Data from 1996 show that the number of residential customers for the Class SF companies ranged from 18 to 67 residential customers.

The municipal water companies are companies owned by municipalities that serve customers outside their boundaries. The Commission's jurisdiction is limited to service and customers outside the municipalities. The Commission does not keep records of the number of residential customers each municipal company serves. Overall, in 1996, the

total number of customers served by the municipals that were outside the boundaries of a particular municipality ranged from 3 to 3,507 customers.

As would be expected, the majority of the residential consumer complaints and payment arrangement requests to the BCS involving water utilities came from customers of the water utilities with the largest number of residential customers, the Class A water utilities. Most of the complaints and payment arrangement requests from water customers dealt with matters covered under 52 PA Code, Chapter 56, the Standards and Billing Practices for Residential Utility Service. These consumer complaints and payment arrangement requests, for the most part, represent customer appeals to the Commission resulting from the inability of the company and the customer to reach a mutually satisfactory resolution to a dispute or payment negotiation.

The table and charts on the pages that follow depict the performance of the Class A water utilities in 1997. Appendices B through G present the actual statistics that the Bureau used to produce the charts in this chapter.

Consumer Complaints

During 1997, the BCS handled a total of 652 consumer complaints from customers of the various water companies; 623 of the complaints were filed by residential customers. Of those residential complaints, 79% (494) were from customers of the Class A companies. The remaining 21% of the residential consumer complaints were from customers of 47 smaller water companies. In spite of the fact that the vast majority of consumer complaints involved the Class A water utilities in 1997, the Commission devoted a significant amount of attention to the smaller water utilities. Often the amount of time that the BCS spends on a few complaints from customers of a smaller company far exceeds the amount of time it spends dealing with the larger number of complaints filed against one of the larger companies. This is because larger companies typically have the resources to respond appropriately to complaints and payment arrangement requests as compared to smaller water companies with limited resources.

Consumer Complaint Categories

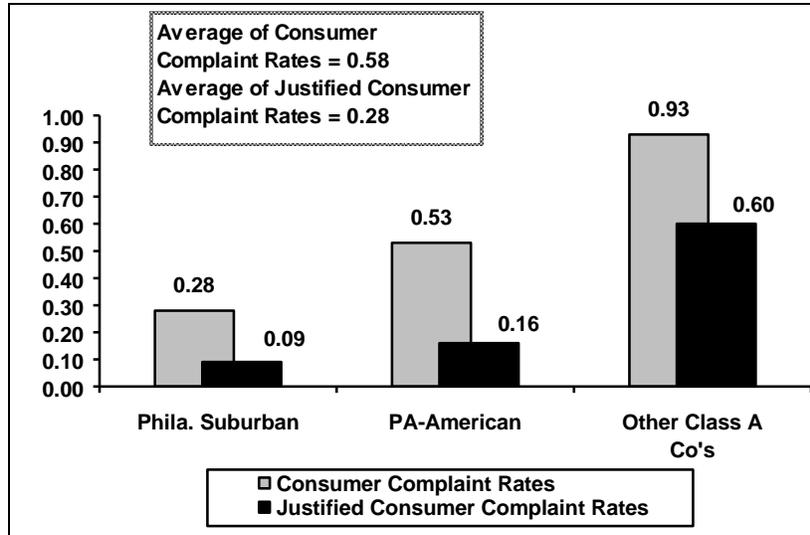
After a BCS investigator closes a consumer complaint, the BCS research unit reviews the complaint, categorizes it into a specific problem category and enters it into the Bureau's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 1997 complaints from residential customers of the Class A water utilities in each of the 13 categories used by the BCS research unit to categorize consumer complaints about electric, gas and water utilities. The percentages shown in the table are for all the cases that residential customers of these water utilities filed with BCS, not just cases determined to be justified in coming to the Bureau. Appendix C, Table 3 provides the actual number of cases that fell into each category in 1997.

**Consumer Complaint Categories: 1997
Major Water Utilities**

Categories	PA-American	Philadelphia Suburban	Other “Class A” Water	All “Class A” Water
Metering	12%	23%	8%	13%
Billing Disputes	40%	50%	6%	31%
Discontinuance/ Transfer	3%	9%	2%	4%
Other Payment Issues	2%	0%	0%	1%
Credit & Deposits	1%	3%	3%	2%
Service Extensions	8%	1%	17%	10%
Service Interruptions	1%	0%	3%	2%
Service Quality	11%	4%	52%	21%
Damages	7%	1%	2%	4%
Scheduling Delays	1%	1%	2%	2%
Personnel Problems	7%	4%	2%	5%
Rates	2%	0%	1%	1%
All Other Problems	5%	4%	2%	4%
TOTAL	100%	100%	100%	100%

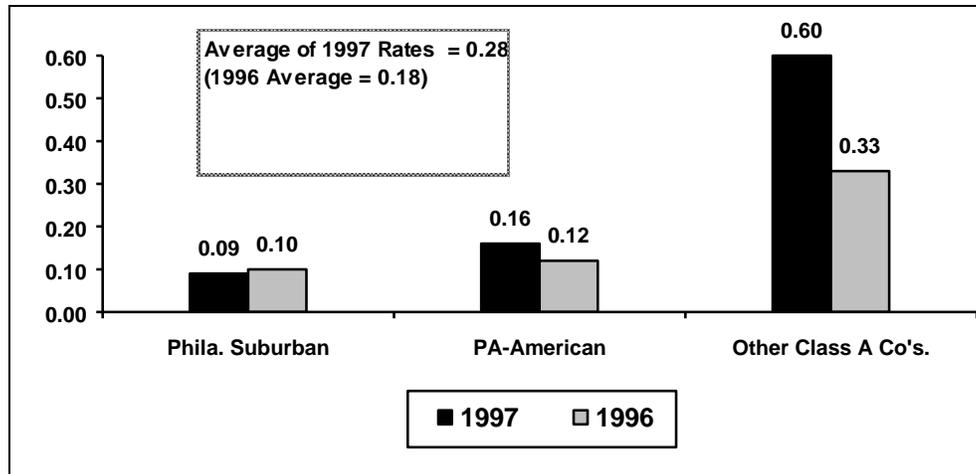
- Categories are for all residential complaints filed with the BCS: justified, inconclusive and unjustified. See Appendix A-1 for an explanation of the various complaint categories and Appendix B-3 for the number of cases in each category.
- More than half of the consumer complaints about the Class A water utilities involved either billing disputes or service quality issues.
- The percentage of complaints about metering decreased from 1996 to 1997. In 1996, seventeen percent of the complaints about the Class A water utilities involved metering. The percentage of complaints about service quality also decreased, while billing disputes accounted for a greater percentage of the complaints in 1997 than in 1996.

1997 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Water Utilities



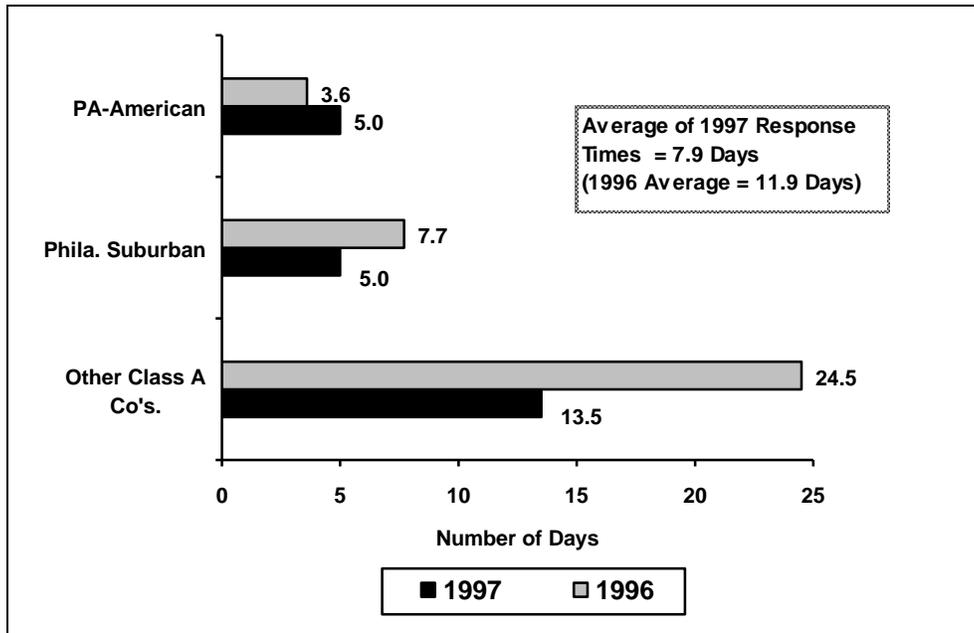
- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for each 1,000 residential customers.
- The average of the consumer complaint rates is more than 2 times greater than the average of the justified rates for the Class A water companies.
- Appendix C, Table 3 presents the actual number of consumer complaints and justified consumer complaints for Philadelphia Suburban, PA-American and the other Class A companies in 1997.

1996-1997 Justified Residential Consumer Complaint Rates Major Water Utilities



- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers.
- The average of the justified consumer complaint rates for the “Class A” water utilities increased by more than 50% from 1996 to 1997.
- Appendix C, Table 3 shows the number of justified consumer complaints for Philadelphia Suburban, PA-American and the other Class A water companies in 1996 and 1997.

1996-1997 Response Time to BCS Residential Consumer Complaints Major Water Utilities

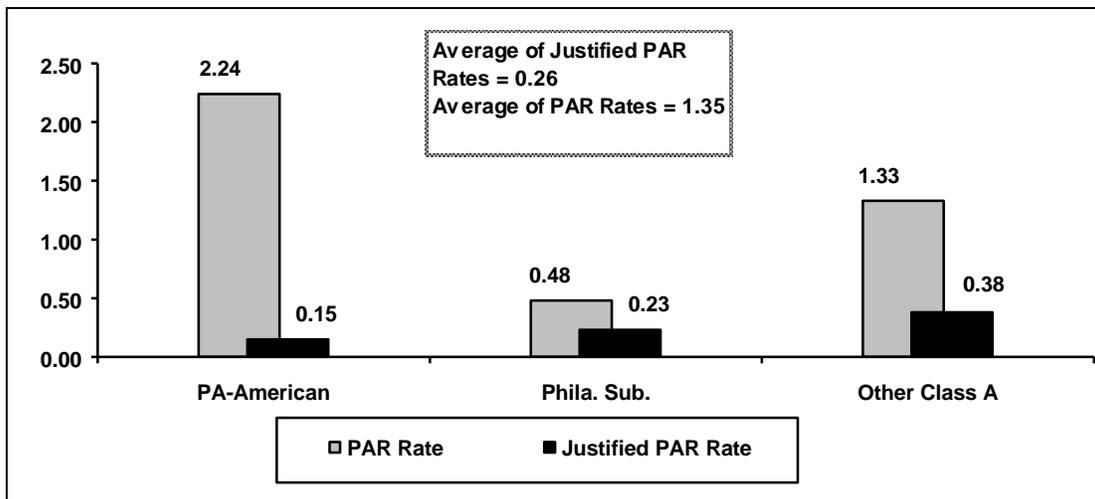


- The average response time for the Class A water utilities decreased by 4 days from 1996 to 1997. The average response time for the smaller Class A companies decreased by 11 days.
- Appendix D shows the 1996 and 1997 response times to consumer complaints for the Class A water utilities as well as for the major electric, gas and telephone utilities.

Payment Arrangement Requests

In 1997, the Bureau of Consumer Services handled 1,490 payment arrangement requests (PARs) from customers of the water industry; 1,481 were from residential customers. Ninety-eight percent (1,452) of the residential PARs were from customers of the 13 Class A water utilities. As in past years, for the companies with the largest volume of requests, the Bureau research unit reviewed a representative sample of PARs for case outcome and response time. In 1997, the BCS reviewed a sample of the PARs for Pennsylvania-American Water Company. Thus, the calculations for justified payment arrangement request rate and response time that appear in the pages that follow are based on a subset of cases that the BCS received from customers of PA-American. The BCS believes that the size of the sample gives an adequate indication of the performance of this company. Appendix E, Table 3 provides additional statistics regarding the payment arrangement requests from residential customers of the Class A water utilities.

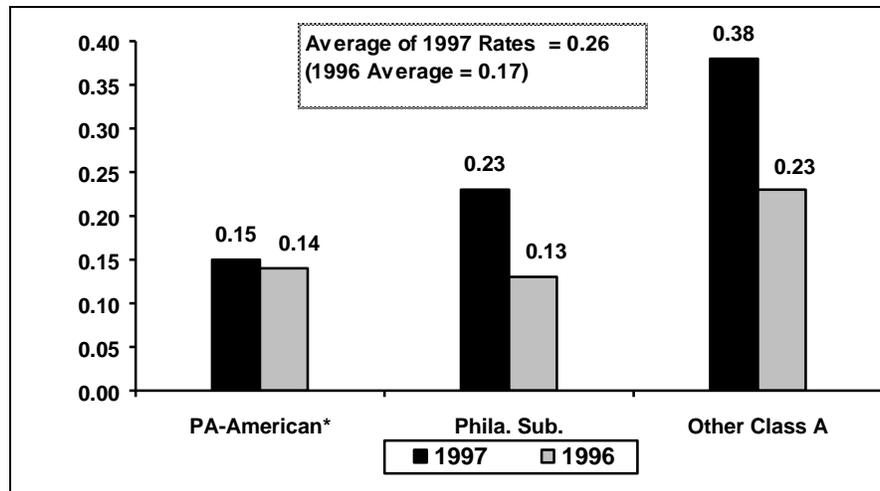
1997 Residential Payment Arrangement Request Rates/ Justified Payment Arrangement Request Rates Major Water Utilities



- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for each 1,000 residential customers.
- On average, for the Class A water utilities, there were 1.35 payment arrangement requests for each 1,000 residential customers in 1997.

- Appendix E, Table 3 presents the number of payment arrangement requests and justified payment arrangement requests for PA-American, Philadelphia Suburban and the other Class A water companies in 1997.

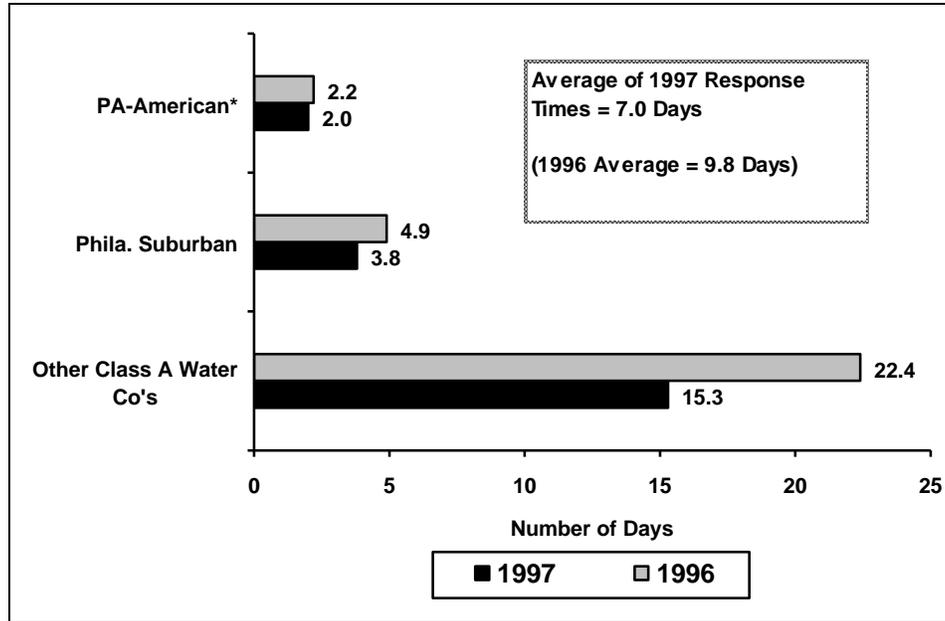
1996-1997 Justified Residential Payment Arrangement Request Rates Major Water Utilities



* Based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers.
- From 1996 to 1997, the average of the justified PAR rates increased by 53% for the Class A water utilities.
- Appendix E, Table 3 presents the number of justified payment arrangement requests for PA-American, Philadelphia Suburban and the other Class A water companies in 1996 and 1997.

1996-1997 Response Time to BCS Residential Payment Arrangement Requests Major Water Utilities



* Based on a probability sample of cases.

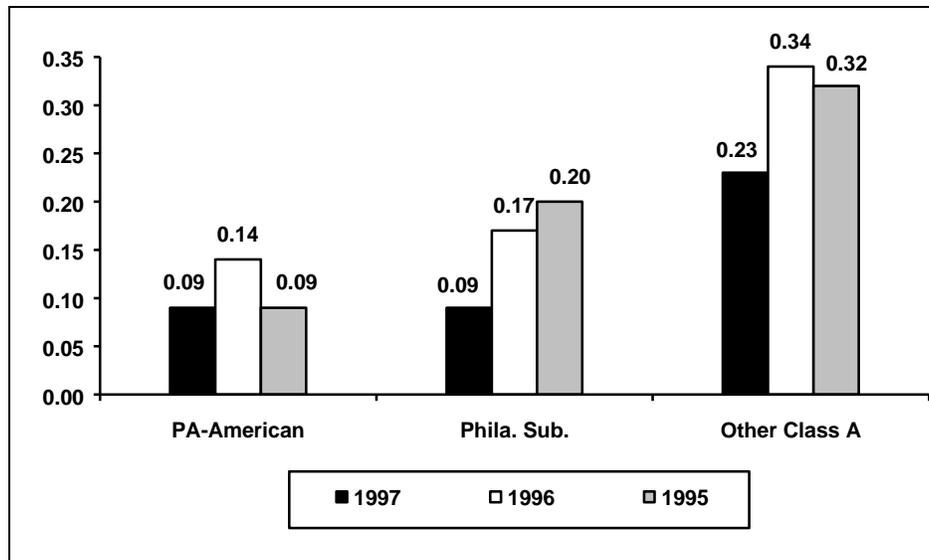
- The average of the 1997 response times to payment arrangement requests for the Class A water companies decreased by 2.8 days from 1996. Response time decreased for the two largest companies and for the combination of the other Class A companies as well.
- Appendix F shows the 1996 and 1997 response times to payment arrangement requests for the Class A water utilities as well as for the major electric and gas utilities. Appendix F also shows the 1997 response times to PARs for the major telephone utilities.

Compliance

The Bureau's primary compliance effort is its informal compliance process. This process provides utilities with specific examples of apparent problems that may reflect infractions of Chapter 56 regulations. Often, through the informal notification process, the BCS provides utilities with written clarifications or explanations of Chapter 56 provisions and Bureau policies.

During 1995, 1996 and 1997, the Bureau informally verified 444 infractions of regulations for the Class A water utilities. The chart that follows and the infraction statistics in Appendix G, Table 3 are drawn from the informal complaints that residential consumers filed with the BCS from 1995 through 1997.

PUC Infraction Rates Major Water Utilities



- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- The number of informally verified infractions and the infraction rates for the Class A water companies decreased from 1996 to 1997.
- Appendix G, Table 3 presents the actual number of infractions for PA-American, Philadelphia Suburban and the other Class A water companies in 1995, 1996 and 1997.

6. Telephone Industry

Given the growing competitive telecommunications market, the BCS may handle cases against or inquiries about many different types of telecommunication service providers such as local telephone utilities, resellers, access providers, operator services, competitive local exchange carriers including billing services for telecommunication providers. As a result of this growth there were over 500 such providers doing business in Pennsylvania. Of this group of telecommunications providers, 37 were local telephone utilities. Thirty-two of the local telephone utilities are nonmajor utilities each serving less than 50,000 residential customers. The remaining five local telephone utilities are major utilities, each with over 100,000 residential customers. Collectively, the major telephone utilities serve over 4.9 million residential accounts. This chapter will focus exclusively on the five major telephone utilities: ALLTEL Pennsylvania, Inc. (ALLTEL), Bell Atlantic-Pennsylvania, Inc. (Bell), Commonwealth Telephone Company (Commonwealth), GTE North Incorporated (GTE) and United Telephone Company of Pennsylvania (United) d/b/a Sprint.

Consumer Complaints

As previously stated, the Bureau may handle consumer complaints regarding many different types of telecommunication providers. In 1997, the Bureau handled 3,467 complaints from residential and commercial customers. Of these complaints, 1,549 were about problems with other telecommunications providers. However, the problems consumers encounter with other entities generally start as an informal complaint filed against either a local company or a long distance company. During 1997, the Bureau handled 1,918 consumer complaints from residential and commercial customers about problems they had with local telephone utilities. Within this universe of cases, 1,542 were residential consumer complaints against the five major telephone utilities.

Consumer Complaint Categories

Most of the cases found in the consumer complaint categories deal with matters covered under 52 Pa. Code Chapter 64 and 52 Pa. Chapter 63. The consumer complaint categories present the percentage of consumer complaints found in each of the 13 complaint categories for all major telephone utilities and the telephone industry. The Bureau classifies all consumer complaints first into one of six major problem areas then expands them into one of 13 distinct problem categories for the telephone industry.

Consumer Complaint Categories: 1997

Major Telephone Utilities

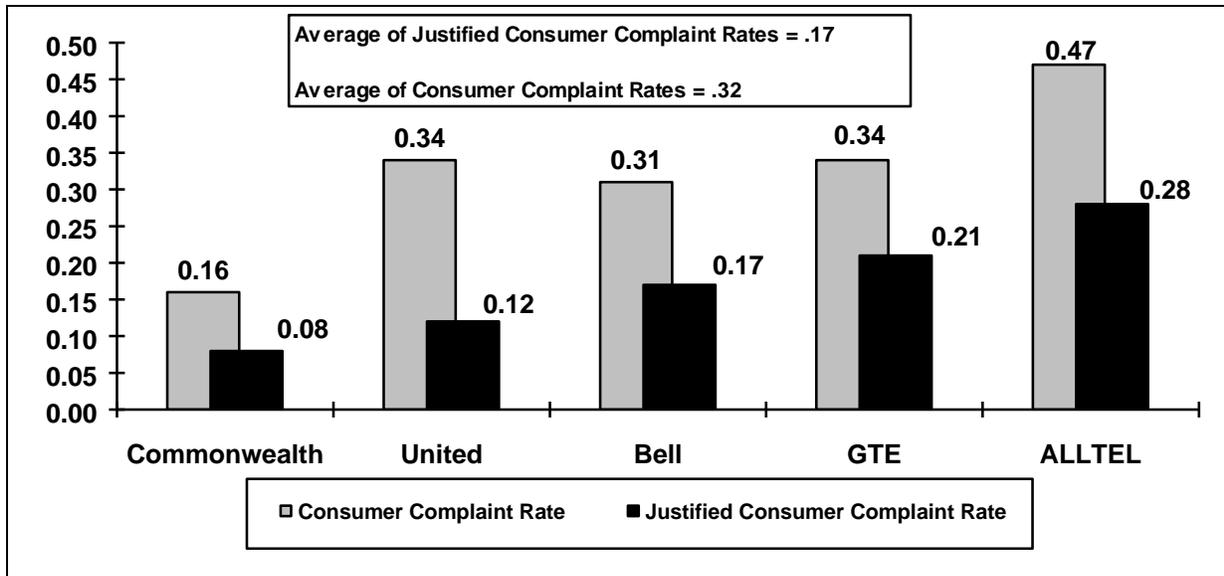
Categories	ALLTEL	Bell	Commonwealth	GTE	United	Telephone Majors
Billing Disputes	16%	17%	24%	15%	22%	17%
Discontinuance/ Transfer	1%	4%	0%	1%	6%	3%
Non-Recurring Charges	3%	6%	0%	3%	11%	6%
Toll Services	4%	9%	16%	7%	14%	9%
Credit & Deposits	29%	4%	8%	4%	5%	6%
Rates	0%	3%	0%	8%	1%	3%
Unsatisfactory Service	23%	18%	28%	34%	24%	21%
Service Delivery	10%	24%	12%	18%	13%	21%
Annoyance Calls	0%	5%	12%	2%	0%	4%
Disputes Related to Suspensions/ Terminations	4%	1%	0%	0%	1%	1%
Audiotex	3%	2%	0%	2%	0%	2%
Sales Nonbasic Services	5%	6%	0%	5%	1%	5%
Other	1%	2%	0%	0%	2%	2%
Total*	100%	101%	100%	99%	100%	100%

*Columns may total more or less than 100% due to error caused by rounding.

- It is important to note that the percentages shown in the tables are for all the cases that customers filed with BCS, including unjustified cases. See Appendix A-2 for an explanation of complaint categories and Appendix B-4 for the number of cases in each category.
- Nearly 60% of all complaints for the telephone industry are in one of three complaint categories, unsatisfactory service, service delivery or billing disputes.
- The table shows that 21% of all the consumer complaints filed against the telephone industry are about unsatisfactory service while another 21% are about service delivery.

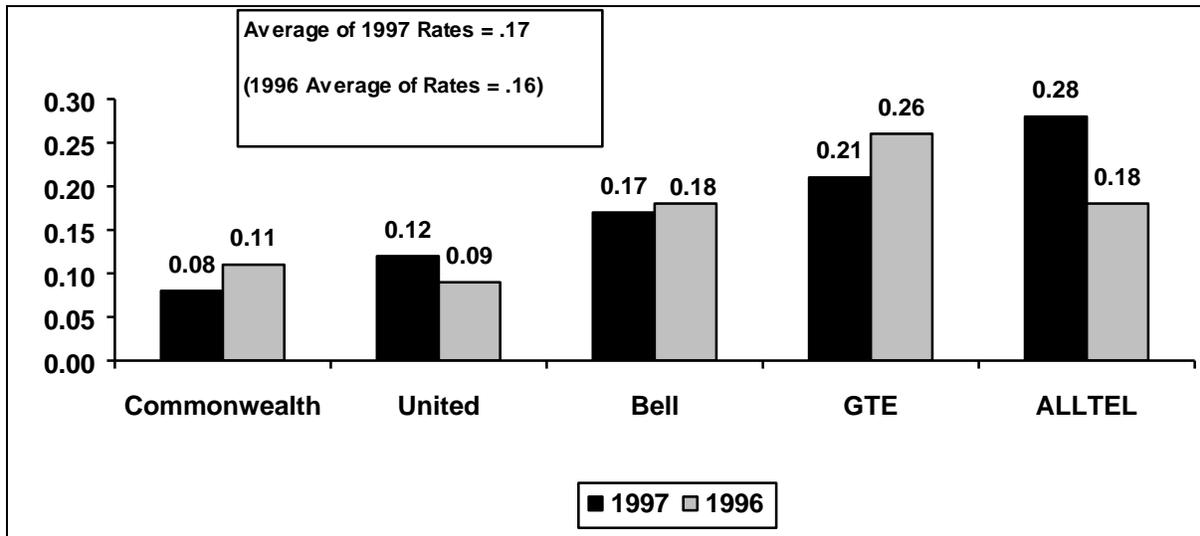
- Billing disputes account for 17% of the total number of consumer complaints. With the exception of toll services (9%), the remaining complaint categories each account for 6% or less of total complaints about the telephone industry.

1997 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Telephone Utilities



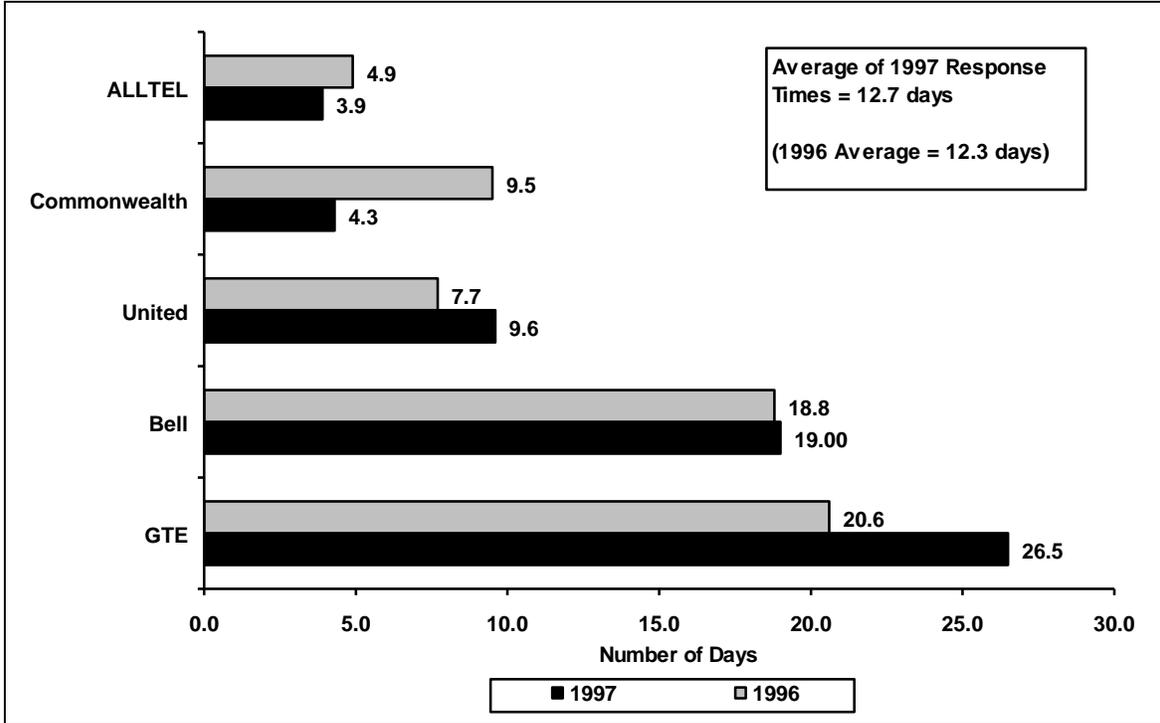
- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers. The consumer complaint rate equals the number of consumer complaints for each 1,000 residential customers.
- The Bureau received fewer complaints from customers about the telephone industry in 1997. As a result of this decrease in complaints, the telephone industry average for consumer complaint rate decreased from 1996 to 1997.
- Generally, the justified consumer complaint rate is less than the consumer complaint rate. For 1997, the industry average for consumer complaint rate is almost twice the justified consumer complaint rate.
- Appendix C, Table 4 shows the number of consumer complaints and justified consumer complaints for each major telephone utility in 1997.

1996-1997 Justified Residential Consumer Complaint Rates Major Telephone Utilities



- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers.
- Most major telephone utilities' overall effectiveness at handling consumer complaints improved from 1996 to 1997. The telephone industry's justified rate remained relatively stable in 1997.
- Appendix C, Table 4 shows the number of justified consumer complaints for each major telephone utility in 1996 and 1997.

1996-1997 Response Time to BCS Residential Consumer Complaints Major Telephone Utilities



- See Appendix D shows the 1996 and 1997 response times to consumer complaints for each of the major telephone utilities as well as for the major electric, gas and water utilities.

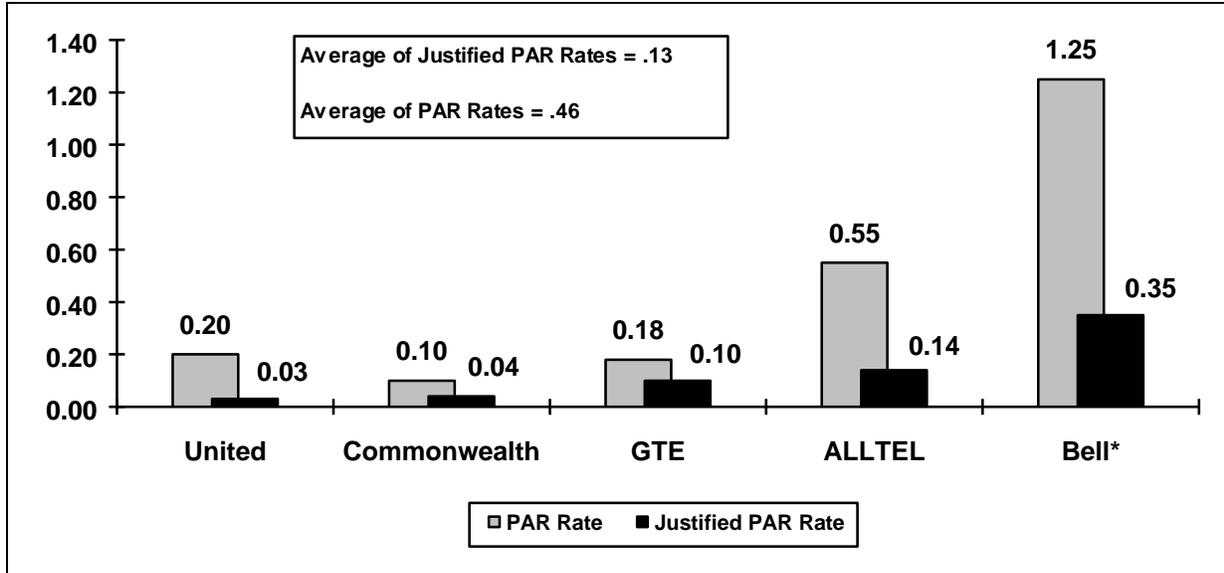
Payment Arrangement Requests

Telephone service falls into three categories: basic, nonbasic and toll service. However, the Bureau does not handle customer requests for payment arrangements that involve toll or nonbasic services. For the telephone industry, payment arrangement requests are principally contacts to the Bureau or to utilities involving a request for payment terms for basic service. Most payment arrangement requests are cases relating to the cessation of telephone service and are registered during the suspension phase. Under Chapter 64, a customer contact in response to a suspension notice is a dispute (as the term is defined in §64.2) only if the contact includes a disagreement with respect to the application of a provision of Chapter 64. Where telephone cases involving telephone service suspension are concerned, failure to negotiate a payment arrangement does not in itself mean that a dispute exists. Consequently, in this report, telephone cases that involve payment arrangement requests have been separated from telephone cases that also involve a dispute. During 1997, the Bureau handled 5,070 from residential and commercial customers of local telephone utilities. Of these cases, 4,987 payment arrangement requests were from customers of the five major telephone utilities: ALLTEL, Bell, Commonwealth, GTE and United.

A combination of factors came into play for 1996 payment arrangement requests that resulted in the Bureau being unable to fairly assess major telephone utilities' effectiveness at handling such requests. The factors included the separation of payment arrangement requests from consumer complaints, a computer programming conversion and a relatively low volume of payment arrangement requests for some companies. As a result of these factors the report will not contain 1996 justified payment arrangement request rates or response time figures for major telephone utilities. However, this report does contain information about the volume of payment arrangement requests for both 1996 and 1997 (see Appendix E - Table 4) for major telephone utilities. The 1997 payment arrangement request figures for justified payment arrangement request rate and response time are available for major telephone utilities and are presented in the tables that follow.

As previously mentioned, the Bureau has used sampling over the years to evaluate the large volume of cases it receives from the largest major utilities. Given the large volume of payment arrangement requests from Bell, the Bureau evaluated a representative sample of the company's payment arrangement requests to determine justified rate and response time. Even so, the BCS believes that the size of the sample gives an adequate indication of the company's performance.

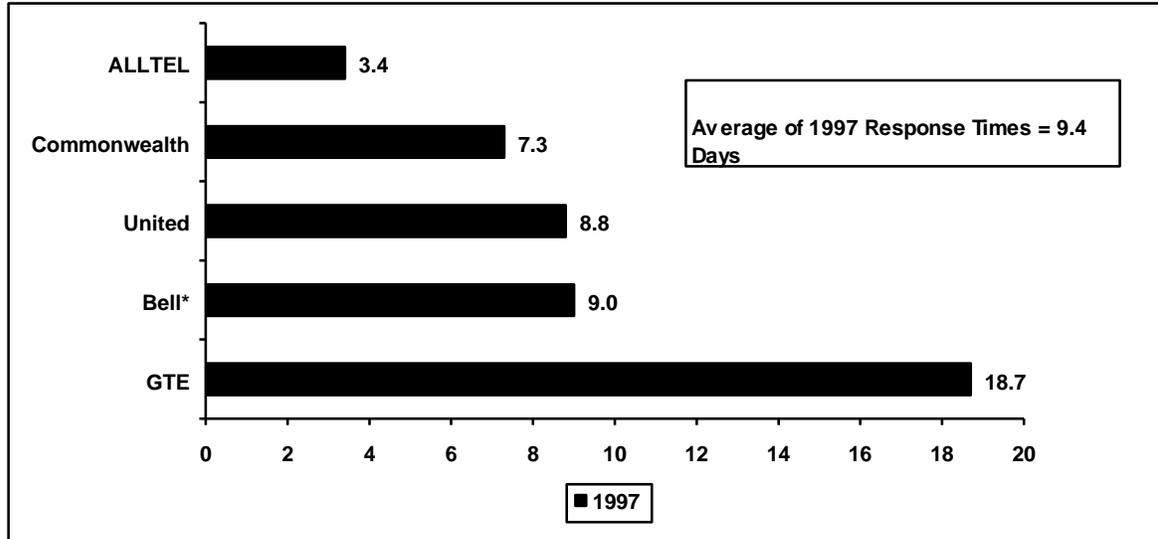
1997 Residential Payment Arrangement Request Rates/ Justified Payment Arrangement Request Rates Major Telephone Utilities



* JPAR rate based on a probability sample of cases.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for each 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for each 1,000 residential customers.
- Most customers in 1997 had already contacted their utility prior to contacting the BCS regarding a payment arrangement request. Fewer customers sought the Commission's assistance in making payment arrangements with their local telephone utilities from 1996 to 1997.
- The payment arrangement request rate for the major telephone utilities is nearly three and half times the justified payment arrangement request rate.
- Appendix E, Table 4 presents the number of payment arrangement requests and justified payment arrangement requests for each major telephone utility in 1997.

1997 Response Time to BCS Residential Payment Arrangement Requests Major Telephone Utilities



*Based on a probability sample of cases.

- Appendix F shows the 1997 response times to payment arrangement requests for each of the major telephone utilities as well as for the major electric, gas and water utilities.
- 1996 response time statistics are not available for the telephone utilities due to a variety of factors as explained on page 55.

Termination of Service

In Chapter 64, suspension is defined as a temporary cessation of service without the consent of the customer. Termination of service, according to Chapter 64, is the permanent cessation of service after a suspension without the consent of the customer. Most payment arrangement requests are cases relating to the cessation of telephone service and are registered during the suspension phase. Many customers who have their basic service suspended are able to make payment arrangements and avoid termination. Those who are not able to avoid termination cease to be customers once the termination of basic service takes place. For the telephone industry, termination rate is based on the number of basic service terminations per one thousand residential customers. Shifts in terminations can signal potential problems with customers maintaining basic telephone service and the impact of universal service programs for telephone.

Residential Service Terminations/Termination Rates Major Telephone Utilities

Company Name	Residential Service Terminations				Termination Rates		
	1995	1996	1997	% Change in # 1996-1997	1995	1996	1997
ALLTEL	3,096	3,780	3,564	-6%	18.49	22.28	20.50
Bell	118,596	114,336	158,892	39%	32.07	30.51	41.92
Commonwealth	2,628	3,048	3,420	12%	15.19	17.32	17.38
GTE ¹	---	---	70,572	---	---	---	150.91
United	5,652	5,448	5,292	-3%	21.13	20.07	19.22
Major Telephone	129,972²	126,612²	241,740	35%²			
Average of Rates					21.72²	22.55²	49.99

¹Prior to 1997, GTE relied on one data source that counted only the number customers that were terminated and final billed; any customer that was terminated and paid their outstanding balance prior to being final billed was not counted.

²Does not include GTE.

- Overall, major telephone utilities reported more basic service terminations in 1997 than in 1996.

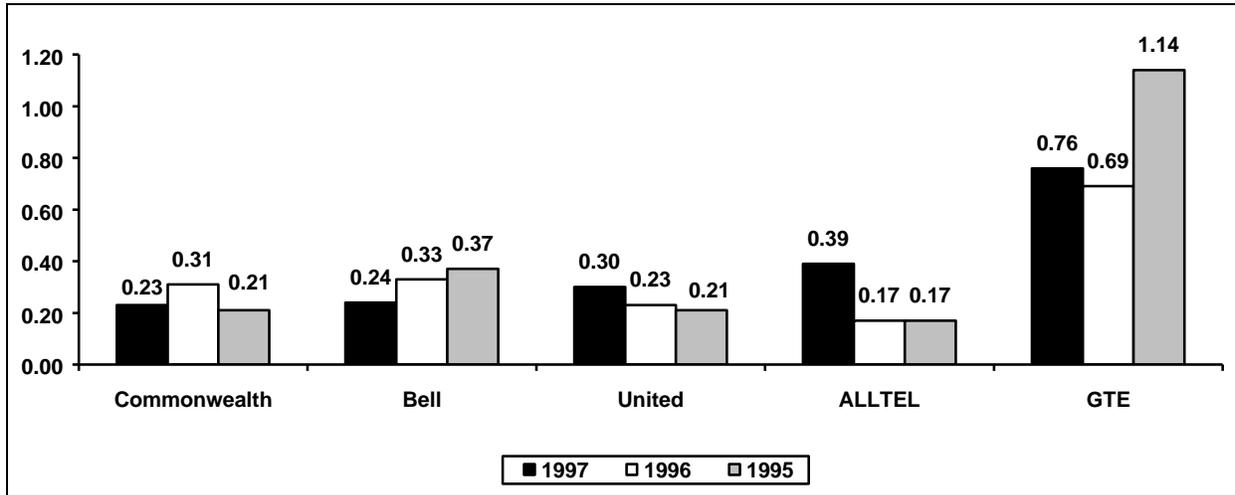
Compliance

The Bureau's primary compliance effort is its informal compliance process. This process provides utilities with specific examples of apparent problems that may reflect infractions of Chapter 64 regulations. Often, through the informal notification process, the BCS provides utilities with written clarifications or explanations of Chapter 64 provisions and Bureau policies.

During 1995, 1996 and 1997, the Bureau determined that the five major local telephone utilities under the PUC's jurisdiction together logged 5,117 informally verified infractions of the Chapter 64 standards and billing practices. The informal compliance process is specifically designed to identify systematic errors. Utilities can then investigate the scope of the problem and take corrective action.

The following data come from the informal complaints filed with the PUC by residential customers during 1995, 1996 and 1997. The informally verified infraction statistics for the five major telephone utilities are presented by company and year in Appendix G. It is important to keep in mind that the figures presented in this table are viewed by the BCS along with other information that is case specific. The value of the aggregate figures is to depict apparent trends over time and point out extreme deviations. The data used for this section was retrieved from the BCS' Compliance Tracking System as of June 1998.

PUC Infraction Rate Major Telephone Utilities



- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- Overall, the number of informally verified infractions reported by BCS for the five major local exchange carriers declined 15% from 1996 to 1997.
- Overall, compliance performance improved from 1996 to 1997 based on the number of informally verified infractions.
- Appendix G, Table 4 presents the actual number of infractions for each major telephone utility in 1995, 1996 and 1997.

7. Universal Service and Energy Conservation Programs

The Public Utility Commission has a long history of involvement in universal service and energy conservation programs for utility customers that help consumers obtain and keep service and conserve energy. In the sections that follow, readers will find highlights of the many programs that the PUC has supported and encouraged, not only in 1997 but in prior years as well.

Electric, Gas and Water Programs

The Public Utility Commission has given the Bureau of Consumer Services the responsibility for monitoring and evaluating the universal service and energy conservation programs of the electric, gas and water companies. The Commission has mandated “universal service” programs for the electric distribution companies and for all telephone companies offering residential service. However, in this report, the BCS uses the term “universal service” to describe programs in all four industries that offer assistance to low income customers to help them maintain their utility service. The Bureau’s goal in monitoring these programs is to increase the effectiveness of utility collections while protecting the public’s health and safety.

The Electricity Generation Customer Choice and Competition Act (Act) that was signed by Governor Ridge on December 3, 1996 imposes a mandate for universal service and energy conservation policies, programs and protections. The Act includes many provisions designed to ensure that electric service is universally available in Pennsylvania as it makes the transition to a competitive generation market. As a result, the Commission and the Bureau of Consumer Services have devoted a great deal of time and attention in 1997 to developing guidelines for these important programs.

On July 10, 1997, the Commission approved the Final Order that established Guidelines for Universal Service and Energy Conservation Programs for the electric distribution companies (EDCs). The Guidelines are the Commission views regarding how individual utilities should address these issues in their restructuring proceedings. The Commission also prepared a rulemaking that was approved by the Independent Regulatory Review Commission in June 1998. This new regulation establishes standard reporting requirements for universal service programs. The data collected as a result of the reporting requirements will assist the Commission in ensuring that universal service programs are appropriately funded and available as required by the Act.

The following sections briefly discuss the status of universal service programs in the electric, gas and water industries during 1997. The programs include Customer Assistance Programs, the Low Income Usage Reduction Programs, Utility Hardship Fund Programs, Customer Assistance and Referral Evaluation Services programs, and other programs to assist low income customers.

Customer Assistance Programs

On July 25, 1992, the Commission adopted a Policy Statement on Customer Assistance Programs (CAPs). The Policy Statement establishes a model CAP designed to be a more cost-effective approach for dealing with issues of customer inability to pay than traditional collection methods.

Based on experience and new circumstances under the Act, the Commission recognized that some changes to CAPs were necessary. The Commission's Guidelines now operate in conjunction with the CAP Policy Statement. The Guidelines include two significant changes: 1) payment level ranges are higher and 2) the electric utilities should use net CAP costs when determining a CAP budget. Net costs consider the avoided costs of traditional collections. Traditional collections include uncollectible expense, payment agreements and similar costs. The Guidelines also prescribe a method to determine collection costs.

CAPs provide an alternative to traditional collection methods for low income, payment troubled utility customers. Generally, customers enrolled in a CAP agree to make monthly payments to the utility based on household size and gross income. These regular monthly payments, which may be for an amount that is less than the current bill for utility service, are made in exchange for continued provision of the service. Besides regular monthly payments, customers need to comply with certain responsibilities and restrictions to remain eligible for continued participation. This section presents a progress report on the implementation of the Commission's CAP policy statement by the major electric and gas utilities in Pennsylvania. This section also includes a summary of the results of a process evaluation for Duquesne and an impact evaluation for Allegheny Power.

CAP Progress Report

In 1997, all of the major electric and gas utilities except Penn Power and UGI-Electric had operational CAPs. As a result of the final restructuring orders, each major electric utility will have a CAP beginning in 1999.

As of December 31, 1997, utility-sponsored CAPs had enrolled approximately 47,000 participants compared with 54,700 participants in December 1996. The number of participants who are enrolled and participate in CAPs is not constant. Each utility has a maximum participation limit and determines whether or not it will replace participants who leave with new participants. Participants leave CAPs for reasons other than nonpayment or failure to comply with program rules. Utilities find that many participants voluntarily leave CAP pilots because they move or have changes in income.

Utilities target CAPs to low income customers who have chronic payment problems rather than to those who have short term payment problems. Because the problems of a payment troubled, low income household are often chronic, a successful participant does not necessarily graduate from CAP. Rather, a successful CAP participant is one who makes regular, monthly payments and complies with program rules. Nevertheless, 886 participants graduated from CAP in 1997 because their circumstances improved or their incomes increased.

Program Changes

The table on the following page shows the 1997 status of the electric and gas CAPs. Program changes in 1997 were the following:

- In June, UGI-Gas began enrolling participants in its Low-Income Self-Help Program (LISHP). UGI limits program participation to 1,000 customers.
- Columbia Gas received Commission approval to extend its CAP pilot another year. The Commission also approved Columbia's request to redesign its program. Columbia will evaluate the design changes. Highlights of Columbia's new CAP design include higher CAP payments, stricter default provisions for nonpayment, and the elimination of the conservation credit. Columbia also received approval to aggregate CAP participants in a gas transportation arrangement.
- In February, the Commission approved revisions to NFG's Low-Income Rate Assistance (LIRA) program. NFG expanded the participation limit from 1,000 participants to 5,000. Design changes include an expanded, three-tier rate discount and increased consequences for nonpayment. LIRA participants who fail to make monthly payments face prompt and severe consequences, including termination of service. If NFG terminates a participant's service, the LIRA rate is available when NFG restores service. However, NFG's restoration requirements for a LIRA customer are stringent. To have service restored, a LIRA customer must do the following: pay the LIRA arrearage, pay a reconnection charge, and pay a down payment towards the arrearage that is equal to one month's budget plus the monthly LIRA payment.

1997 CAP Status Summary

Utility	Program Name	Pilot Size	Enrollment as of 12/97	Enrollment Began	Payment Behavior*
Allegheny	LIPURP	2,000	479	6/94	90%
Duquesne	CAP	1,600	841	9/95	85%
Met-Ed	CAP	1,200	525	8/93	78%
PECO	CAP	29,000	24,635	1984	87%
CAP Rate	CAP Rate	10,000	9,354	1996	68%
Penelec	CAP	1,300	406	7/94	85%
Penn Power	No Program**				
PP&L	OnTrack Pymt Plan	2,000	1,267	6/93	N/A
UGI-Electric	No Program**				
Electric		47,100	37,507		82%
Columbia	CAP	1,000	752	6/92	N/A
Equitable	EAP	7,000	5,826	2/91	84%
NFG	LIRA	1,000	1,460	12/91	77%
PG Energy	Partners Program	1,000	323	9/95	66%
Peoples	PCAP	1,000	651	11/94	91%
UGI-Gas	LISHP	1,000	116	6/97	
Gas		12,000	9,128		79%
Total		59,100	46,635		81%

* Quarterly average percentage of participants making monthly payments.

**These utilities will have a CAP beginning in 1999.

Payment Monitoring

Quarterly reports from utilities continue to show that the majority of participants enrolled in CAPs make their monthly payments. In 1997, based on a quarterly average, 81% of participants enrolled in CAPS made their monthly payments. Appendix H shows that the participant payment rate has remained stable since 1995.

Summary Status of CAP Evaluations

The CAP Policy Statement recommends that a utility thoroughly and objectively evaluate its CAP. Utilities have contracted with independent third-parties to conduct both a process and an impact evaluation of their programs. The process component focuses on whether the CAP implementation conforms to the program design and determines if the program operates efficiently.

Impact evaluations focus on the degree to which a program achieves the continuation of utility service to CAP participants at reasonable cost levels. The evaluation should include an analysis of the costs and benefits of traditional collection methods versus the costs and benefits of handling low income customers whose expenses exceed their incomes through a CAP. The comparative analysis is to include: 1) payment history, 2) energy assistance participation, 3) energy consumption, 4) administrative costs and 5) actual collection costs.

In 1997, Duquesne submitted the results of its process evaluation and Allegheny Power submitted the results of its impact evaluation. The findings from both evaluations were favorable and are highlighted in Appendix I.

Dollar Share

The Dollar Share program is the result of an order adopted by the Commission on June 16, 1994. The order approved the application of Met-Ed for participation in the proposed lease of certain present reserve capacity of fiber optic cable and related facilities to MCI Telecommunication Corporation (MCI). As part of this application, Met-Ed filed a revised compliance plan to apply the revenues from the lease agreement to fund the Dollar Share. Met-Ed's lease with MCI expired October 1997. However, Met-Ed will continue to fund Dollar Share at the previous annual funding level of \$70,000.

Dollar Share is an arrearage forgiveness program directed toward customers who are payment troubled but ineligible for the company's customer assistance program. The program matches dollar-for-dollar the monthly bill payments of qualifying customers. This matching grant, applied after a customer makes a monthly payment, eventually eliminate a customer's arrearage. In 1997, Met-Ed forgave \$400,000 in arrearages for 952 Dollar Share customers.

In 1997, a total of 1,498 customers were enrolled in Dollar Share. During 1997, Met-Ed dismissed a total of 705 customers for making late payments. A total of 429 participants graduated from Dollar Share. Graduates are those customers who have successfully made payments that resulted in Met-Ed forgiving their total arrearages. In 1997, based on a quarterly average, 73% of participants enrolled in Dollar Share made their monthly payments.

A Helping Hand

In 1994, The Philadelphia Suburban Water Company (PSW) requested and received Commission approval to implement a pilot program that combined several of the elements of universal service programs with those of conservation programs. In 1996,

PSW made A Helping Hand a permanent part of its collection strategy. The program offers a water usage audit and includes an arrearage forgiveness component. PSW targets A Helping Hand to low income customers who are payment troubled and have high water bills. The company seeks donations from the community to assist with the arrearage forgiveness component. Community agencies administer the program.

Each household enrolled in A Helping Hand receives a water usage audit and water conservation improvements as necessary. The water audit includes conservation education and PSW will pay up to \$100 for minor plumbing repairs. As an incentive to encourage regular bill payment, PSW forgives a percentage of the participant's arrearage if the participant makes regular monthly payments toward the arrearage.

In 1997, Philadelphia Suburban expanded A Helping Hand to all four counties in its service territory, Bucks, Chester, Delaware, and Montgomery. At the end of 1997, PSW had enrolled 235 participants in the program.

Low-Income Rate

In 1997, the Pennsylvania American Water Company (PA-American) requested Commission approval to establish a Low-Income Rate. The Commission issued an order dated October 2, 1997, that approved PA-American's request. By the end of 1997, PA-American had enrolled 2,638 customers in the program. PA-American projects that it will enroll approximately 5,000 customers in the program. PA-American targets the program to customers whose incomes are below 110% of the federal poverty guidelines. Customers agree to make monthly payments in exchange for a 15% discount on the service charge. A customer who misses more than two payments in a six-month period loses their eligibility in the program. Customers who are ineligible because of nonpayment remain so for one year.

CARES Programs

In May 1985, the Commission issued a Secretarial letter encouraging the major electric and gas utilities to establish a Customer Assistance and Referral Evaluation Services (CARES) program. The purpose of a CARES program is to provide a cost-effective service that helps selected, payment troubled customers maximize their ability to pay utility bills. A utility CARES representative works with customers on a personal basis to help them secure energy assistance funds. By securing these funds, customers with special needs can maintain safe and adequate utility service. Besides directly providing assistance to needy customers, CARES representatives also perform the task of strengthening and maintaining a network of community organizations and government agencies that can provide services to the program clients.

Fourteen electric and gas companies have CARES programs that reflect the guidelines in the Commission's Secretarial letter. Utilities report that CARES programs serve households whose average annual incomes are below \$10,000. These households generally receive their incomes from Social Security, pensions and wages. Utilities report that CARES customers are often elderly customers. Special features from the various CARES programs are highlighted below.

- PP&L Customer Programs Directors (CPDs) administer the PP&L CARES program. The CPDs have the discretion to apply CARES credits to customers who have extraordinary hardships. The CPDs applied \$62,183 CARES credits that provided additional assistance to 325 CARES customers.
- Equitable continues to use monies from a Gulf-Tetco settlement to maintain a fund to assist customers to repair or replace gas lines. In 1997, eighty-seven families received \$68,354 in grants.
- In 1997, NFG made significant changes to its CARES program. NFG requested and received Commission approval to increase the size of its Low-Income Rate Assistance Program (LIRA) from 1,000 to 5,000 customers. NFG transferred 90% of customers who had been in CARES to its LIRA program. NFG now targets its CARES enrollment to customers who have short-term financial hardships and limits a customer's enrollment in CARES to four months. If the customer's hardship does not improve within this time frame, NFG may refer the customer to LIRA.

The table below shows the number of CARES participants for each of the utilities that sponsors a CARES program. The number of participants enrolled in a CARES program is not necessarily indicative of the quality of the program - case management coupled with strengthening and maintaining a community network are keys to an effective program. Utilities point out that the decreases in funding for LIHEAP and welfare reform have impacted their CARES programs. As a result of these changes, CARES representatives must find new sources of assistance to help CARES customers.

1996-1997 CARES Participants

Utility	# of CARES Participants		Short Term Assistance Recipients	
	1996	1997	1996	1997
Allegheny	377	324		1,254
Duquesne+	1,237	3,340		
GPU	787	492		
Penn Power	92	88		
PP&L	450	224		
PECO*	N/A	N/A		220
UGI-Electric	N/A	N/A	374	312
Columbia	394	172	800	1,221
Equitable	160	359		
NFG	346	14		
PG Energy	69	53		
Peoples	809	834	1,984	2,525
TW Phillips	5	10		
UGI-Gas	98	182		
Total	4,824	5,920	3,158	5,532

+Includes both long-term and short-term assistance.

*PECO's program started in the latter half of 1997.

Quantifying the advantages of CARES is often difficult; a CARES program generally helps address health and safety concerns relating to utility service by providing important benefits. In 1997, Allegheny Power, Duquesne, PECO, Penn Power and every major gas utility attempted to quantify CARES benefits by tracking "direct dollars". "Direct Dollars" refers to money applied directly to a CARES customer's account. For 1997, the CARES participants in the programs of these utilities received more than \$10 million in direct dollars (energy assistance payments).

The tables in Appendix J show the design elements of each utility's CARES program. For more information about CAPs, Dollar Share, A Helping Hand, Low-Income Rate or CARES, readers may contact Janice K. Hummel of the PUC's Bureau of Consumer Services at (717) 783-9088.

Low Income Usage Reduction Program

The Pennsylvania Low Income Usage Reduction Program (LIURP) is a statewide, utility-sponsored, residential usage reduction program, mandated by Pennsylvania Public Utility Commission regulations. Overall, the 15 major electric and gas companies that are required to participate in LIURP have spent \$138.1 million from 1988 through 1997 by providing weatherization/usage reduction treatments to 128,755 low income households. While the initial regulations mandated the program from 1988 to 1992, revised regulations extended LIURP for an additional five years through January 1998. The regulations were revised again on January 31, 1998 and extended without a sunset provision.

The primary goals of LIURP are to assist low income residential customers to conserve energy and reduce their energy bills. If these goals are met, LIURP should serve as an effective means to improve the LIURP recipients' ability to pay their energy bills. LIURP is targeted toward customers with annual incomes at or below 150% of the federal poverty level. Beginning in 1998, companies are permitted to spend up to 20% of their annual LIURP budgets on customers with incomes between 150% and 200% of the federal poverty level. Priority is placed on the highest energy users which offer the greatest opportunities for bill reductions. When feasible, customers with payment problems (arrearages) are targeted. The program is available to both home owners and renters. All housing types are serviced, including single family homes, mobile homes, and small and large multi-family residences.

The 1995 program year is the latest year for which post-installation annual usage data is available. Overall, the 15 major electric and gas companies spent \$14,442,027 on LIURP in 1995. These companies provided usage reduction services to 14,475 low income households in 1995. LIURP was successful in achieving its goals by producing benefits in the areas of demand side management, bill reduction, arrearage reduction and avoided collection costs. The list of LIURP benefits includes many other benefits for both utilities and their customers. Noteworthy among the program benefits is arrearage reduction. The analysis of payment troubled LIURP recipients in recent years has shown that their arrearages were increasing in the year prior to the customers' receipt of LIURP services. However, in the year following these treatments, arrearages declined. Overall, the total annual program arrearage reductions have been between \$1 million and \$2 million. The BCS believes that this result is directly attributable to two factors: 1) bill reductions and 2) the development of a partnership between the customer and the utility as a result of the provision of LIURP services. The energy savings and bill reductions for 1995 are presented in the following table:

1995 Energy Savings and Bill Reduction

Job Type	1995 Average Energy Savings	Estimated Annual Bill Reduction
Electric Heating	9.8%	\$178
Electric Water Heating	6.8%	\$106
Electric Baseload	9.8%	\$126
Gas Heating	19.4%	\$298

Appendices K and L show the spending and production levels of each participating utility from 1995 to 1997 and include the total spending and production amounts since LIURP began in 1988.

For more information about LIURP, readers may contact David Mick of the PUC's Bureau of Consumer Services at (717) 783-3232.

Utility Hardship Fund Programs

Utility company hardship funds were created to provide cash assistance to utility customers who "fall through the cracks" of other financial programs or to those who still have a critical need for assistance after other resources have been exhausted. The funds make payments directly to companies on behalf of eligible customers. Contributions from shareholders, utility employees and customers are the primary sources of funding for these programs. Monies from formal complaint settlements, overcharge settlements, off-system sales, special solicitations of business corporations and natural gas purchase arrangements with Citizens Energy Corporation expand the funding for these assistance programs. Each fall, the Bureau of Consumer Services surveys the companies with hardship funds. The information in this section is derived from the information that the companies supplied in response to the most recent survey.

The Pennsylvania Electric Company and Metropolitan Edison Company were the first utilities to begin hardship fund programs. With encouragement from the Public Utility Commission, many other major companies began supporting hardship funds. In 1985, the Commission issued a Secretarial letter to all major utilities urging them to develop and support a utility company hardship fund. By 1986 each major electric and gas company sponsored a utility hardship fund in its service territory. (Appendix M lists the name of the hardship fund(s) each major utility supports). The Commission issued another Secretarial letter in November 1992 that recommended specific guidelines for utility hardship funds.

Contributions

For the electric industry the average ratepayer/employee contribution in the 1996-97 program year was \$.36 per residential customer. For the gas industry, the average contribution was \$.35 per residential customer. Total contributions from ratepayers/employees decreased for the second year in a row. In 1995-96 contributions totaled \$2,272,349. Meanwhile contributions from shareholders increased for the 1996-97 program year. Contributions from shareholders equaled \$2,919,133 in 1995-1996. For the 1996-97 program year, on average, shareholders of the electric utilities contributed .06% of residential revenues to their utility's hardship fund. For the gas utilities, the average was also .06% of residential revenues.

Shareholders contribute to utility hardship funds in three ways: grants for administration of the programs, outright grants to the funds, and grants that match the contributions of ratepayers. Relative comparisons of shareholder contributions are based on the total dollars of shareholder contributions in 1996-1997 divided by the company's residential revenues for 1997. The following table shows the amount of contributions from each company's shareholders and from employees and ratepayers for the 1996-1997 program year.

**1996-97 Ratepayer/Employee and
Shareholder Contributions to Hardship Funds**

Company	Ratepayer/ Employee Contributions	Average Ratepayer/ Employee Contribution per Customer	Shareholder Contributions	1996-97 Contribution/ Residential Revenues
Duquesne	\$302,053	\$.59	\$390,000	.098%
Met-Ed	73,146	.18	150,000	.046
Penelec	65,235	.13	158,282	.044
Penn Power	71,003	.56	121,366	.111
PP&L	389,382	.36	420,000	.043
PECO*	478,030	.36	530,541	.032
Allegheny Power	200,144	.35	189,280	.048
Columbia	108,577	.33	150,000	.052
Equitable	103,116	.45	240,000	.085
NFG	43,338	.22	33,333	.017
PG Energy	16,878	.13	42,290	.034
Peoples	213,675	.68	420,000	.144
T.W. Phillips	27,021	.51	36,000	.083
UGI*	21,599	.10	60,612	.036
PAWC	59,821	.12	54,000	.033
TOTAL	\$2,173,018		\$2,995,744	
Average		\$.34		.060%

* Includes electric and gas.

Benefits

The amount of benefits disbursed to eligible ratepayers increased by approximately 1% from the 1995-1996 program year to the 1996-1997 program year. In addition, the number of ratepayers receiving grants increased by 2% during that time, although the size of the average grant decreased slightly. The following table presents information regarding the number of ratepayers receiving grants for each utility and the amount of the total benefits disbursed during each of the past two program years.

Utility Hardship Fund Grant Distribution

Company	Ratepayers Receiving Grants		Average Grant		Total Benefits Disbursed	
	1995-96	1996-97	1995-96	1996-97	1995-96	1996-97
Duquesne	2,538	3,071	\$256	\$212	\$650,000	\$450,000
Met Ed	2,935	2,622	81	86	237,972	225,634
Penelec	1,507	1,850	107	108	160,822	200,592
Penn Power	646	827	207	200	133,837	165,447
PP&L	3,983	2,985	235	219	934,274	655,129
PECO*	2,559	2,862	474	458	1,211,953	1,310,090
Allegheny Pwr	1,265	1,156	237	260	300,000	300,000
Columbia	2,842	2,624	156	219	443,136	573,779
Equitable	1,562	1,674	256	239	400,080	400,000
NFG	355	391	181	183	64,109	71,661
PG Energy	434	607	101	97	43,770	58,808
Peoples	2,433	2,702	288	259	700,000	700,000
T.W. Phillips	227	224	264	268	60,000	60,000
UGI*	731	828	115	101	83,731	83,643
PAWC	494	587	142	153	70,000	90,000
TOTAL	24,511	25,010	\$224	\$222	\$5,493,684	\$5,544,783

* Includes electric and gas

For more information about the utility hardship funds, readers may contact Dianna Bentz of the PUC's Bureau of Consumer Services at (717) 783-3970.

Telephone Universal Service Programs

Telephone Universal Service Programs

As part of its ongoing responsibilities, the Bureau also monitors the universal service programs of local telephone utilities. In 1989, the Commission approved the implementation of Pennsylvania's first universal service program for telephone utilities, Link-Up America. For the telephone industry, universal service programs include Link-Up America, Lifeline Service and the Universal Telephone Assistance Program (UTAP). At the end of 1996, the Commission directed all telecommunication providers of local service to file lifeline service plans. In the Federal Communications Commission's (FCC) May 1997 Universal Service Order, the FCC stated that all eligible telecommunications carriers should be required to provide lifeline service to qualified low income customers regardless of whether states provide matching funds. On July 31, 1997 the Commission mandated that all telephone utilities offering residential service file Lifeline service plans by September 30, 1997. By December 1997, the Commission approved Lifeline service plans for 44 telephone utilities with the expectation that these programs would be implemented statewide beginning January 1998. The discussion below describes the universal service programs for telephone utilities.

Link-Up America

During 1997, 36 local telephone utilities, including the five major local telephone utilities, participated in the Link-Up program. Link-Up helps make telephone service more affordable for low income customers who apply for new telephone service or who transfer telephone service. Link-Up provides qualified customers with a 50% discount, up to \$30, on line connection charges for one residential telephone line. The program targets those customers who have incomes at or below 150% of the federal poverty guidelines, who receive Supplemental Security Income or who participate in certain Pennsylvania Department of Welfare assistance programs. Also, telephone utilities may require lifeline applicants to apply for Link-Up if they do not have phone service

Lifeline Service

Until January 1998, Bell was the only telephone utility to offer low income customers Lifeline service. In 1997, the Commission mandated that all telephone utilities providing residential service provide Lifeline service. With the Commission's approval of 43 new Lifeline service programs plus the approval of Bell's Lifeline program, Lifeline was implemented statewide effective January 1, 1998. Lifeline service is designed to help low income customers maintain basic telephone service by providing a monthly credit for basic service. Lifeline targets those customers who have incomes at or below 100% of the federal poverty guidelines, who receive Supplemental Security

Income or who participate in certain Pennsylvania Department of Welfare programs. For most local telephone utilities (with the exception of Bell and several other companies) Lifeline service includes a \$5.25 credit toward their basic monthly phone charges with the option of choosing one-party residence unlimited service or local measured service (if it is available). Since the purpose of lifeline service is to help customers maintain basic service, Lifeline customers are not allowed to subscribe to call waiting or other optional services.

Bell's Lifeline & Universal Telephone Assistance Program (UTAP)

Unlike the other telephone utilities, Bell implemented its Lifeline Service and Universal Telephone Assistance Program (UTAP) through a settlement agreement that was approved by the Commission in 1995. The company began implementing Lifeline and UTAP in February 1996 and completed implementation of both programs throughout its service territory in April 1996. Bell is the only company that offers an assistance program that helps existing Lifeline customers and qualified Lifeline applicants to restore basic service. Bell has a contract with the Salvation Army to administer UTAP. During 1997, the UTAP distributed \$1,478,987 in financial assistance to Lifeline customers.

In September 1997, Bell filed two revisions to the company's Lifeline Service that the Commission approved in November. Bell implemented the changes in January 1998. These revisions expanded service options and increased the monthly benefit for Lifeline participants. As a result, Lifeline Service customers are able to choose either the local area standard usage option or the local area unlimited usage option. In addition, their monthly service credit increased from \$5.00 to \$9.00.

Statewide Lifeline program statistics are not available for 1997 since most telephone utilities did not offer Lifeline Service until January 1998. However, the preliminary data shows that from January until the end of April 1998, over 19,000 customers received Lifeline Service. As of April 30, 1998 over 8,000 telephone customers were still enrolled in the program.

For more information about the telephone universal service programs may contact Lenora Best of the PUC's Bureau of Consumer Services at (717) 783-9090.

8. Other Consumer Activities of the Commission

The Pennsylvania Public Utility Commission serves consumers in a variety of ways. The informal complaint handling services of the Bureau of Consumer Services and the establishment and monitoring of universal service programs are just some of the consumer activities in which the Commission engages. The Commission also has a separate unit dedicated to educating consumers about utility-related issues. The unit's goal is to help utility customers make good consumer decisions. The Commission, through its Office of Communications, is strongly committed to help customers understand their rights and make the most of competitive alternatives. As utility industries change, the PUC believes it must actively assist customers to make the connections between those changes and the effects they will have on customers' daily lives.

In addition to its consumer education program, the Commission sponsors a Consumer Advisory Council that studies and develops issues of concern to utility consumers. The Commission also supports the Pennsylvania Relay Service Advisory Board that provides guidance to the Commission regarding matters affecting telecommunications relay service in Pennsylvania. This chapter briefly discusses the Commission's consumer education program, the Consumer Advisory Council and the Pennsylvania Relay Service Advisory Board and provides highlights of their 1997 activities.

Office of Communications -- Consumer Education

In July 1997, the Commission reorganized the Office of Communications to increase consumer education activities. As a result, the PUC Press Office and the Consumer Education staff began working together to develop and disseminate information on utility issues critical to Pennsylvania's utility consumers.

The Commission's consumer education program has five interrelated, operational goals:

- ◆ **Consumer Information:** Disseminating consumer information about regulatory matters, current utility issues and competition.
- ◆ **Outreach and Leadership Training:** Establishing the Commission's presence and increasing its visibility as a consumer education agent.
- ◆ **Regulatory Review:** Developing and monitoring utility company performance in consumer education.

- ◆ **Feedback:** Obtaining information from the utility industry and consumers about consumer education needs and the success of existing programs.
- ◆ **Coordinated Resources:** Responding to legislative requests for assistance and sharing consumer education materials with legislative offices, community organizations and state and local agencies.

Consumer Information

The consumer education staff increased traditional consumer information efforts during 1997 while maintaining many of its traditional brochure and pamphlet distribution efforts. Electric competition and the electric pilot program were responsible for much of this increase in activity, although the staff also focused attention on other industries under the Commission's jurisdiction. The staff developed two electric pilot brochures, "Helping you choose what's right for you", an overview of the pilot program; and "Everything you need to know before you choose", a shopping guide. More than 60,000 copies of both the overview and the shopping guide were sent to individual consumers.

The staff also designed a worksheet that pilot participants could use to calculate pilot program savings. The worksheet included questions consumers should ask electric generation suppliers when shopping for electric generation supply. Consumer Education distributed copies of this document to 250,000 consumers. The staff also developed a list of licensed suppliers serving the residential market in the pilot program and shopping credit calculation sheets by service territory. The Commission sent these materials to all 221,853 participants in the pilot program to help them determine their usage and savings.

Consumer education staff continued the distribution of the *Consumer Update Series 1-9; Saving Water Around the House; Telephone Handbook for Consumers; A Look inside the PUC; Consumer's Guide to Utility Rate Cases; Caller ID; Guide to Lower Your Utility Bills: An Energy Efficiency Guide for Your Home; Glossary of Electric Competition Terms* and the Commissioners' biographies in 1997. More than 40,000 copies of these brochures were distributed. In addition to encouraging consumers to reduce their energy costs through competition, the consumer education staff has promoted the use of energy conservation to reduce energy bills.

The Press Office produced 184 press releases during the year: 64 of these releases involved electric competition issues, 28 addressed telecommunications topics, 18 addressed natural gas topics and 15 pertained to water matters. Both the Press Office and the consumer education staff provided information for posting on the Commission's Internet website (<http://puc.paonline.com>) during 1997.

Outreach and Leadership Training

Consumer education staff traveled throughout Pennsylvania to help educate community and consumer leaders and individual consumers about the Commission and the utilities it regulates. The staff notified consumers, businesses, townships, schools and others of public input hearings statewide to enable these interested parties to participate in the hearings. Staff members participated in numerous senior citizen, community, government and legislative sponsored fairs and conducted numerous outreach seminars, workshops and utility fairs. In addition, staff conducted utility seminars for the Philadelphia Housing Authority, the Department of Human Services, the Philadelphia Cluster Parents Academy Group, retiree forums and 48 utility seminars for church or religious organizations. Some highlights of 1997 outreach activities are listed below:

- ◆ Harrisburg staff organized, promoted and conducted 62 workshops held in Bedford, Cameron, Centre, Clearfield, Crawford, Erie, Lackawanna, Luzerne, Mercer and Monroe Counties. The outreach staff reached over 3,600 senior and low income customers.
- ◆ Philadelphia staff planned, coordinated and presented 35 fairs and workshops in Philadelphia, Bucks, Montgomery, Delaware, Chester, Lehigh and Northampton counties.
- ◆ Utility fairs were held in Allentown, Erie, Harrisburg, Meadville, Philadelphia, Pittsburgh, Reading, Uniontown, Wilkes-Barre, Scranton and York. More than 6,000 consumers attended the fairs.

(Left to right) Shari Williams; Grace Cunningham; Maureen Mulligan, Consumer Education Manager, Leonard Goins; Verna Edmonds and Maria Hanley.

In September 1997, the consumer education staff assisted in a legislative training seminar for 120 legislators and their staffs. The staff distributed camera-ready copies of

the two pilot brochures to the House and Senate printing offices. An estimated 500,000 copies of the brochures were distributed on a local level to legislative district offices, local libraries and other locations. Staff also distributed copies of a training handbook to legislative staff for use as a reference source on electric competition and the pilot programs.

Regulatory Review

Consumer education staff completed plain language reviews on a wide variety of utility company notices and newspaper advertisements. As part of its review, the staff makes recommendations to utilities regarding the language, content and layout of the materials so they are accurate and readily understood by residential customers. The staff uses the Commission's plain language guidelines as a basis for its recommendations. Notices concerning utility rate changes, bill messages, billing changes, plain language summaries of the reasons for requested rate increases, new billing charges, and announcements of public hearings are examples of company materials the staff reviews. In 1997, staff reviewed a number of utility bills and customer notices, as well as numerous items and publications targeted to consumers that related to the electric pilot program.

In 1997, the consumer education staff began its ongoing participation in numerous Commission rulemakings and orders such as pilot implementation, licensing, customer information, consumer education, metering and universal service. Staff prepared consumer education guidelines for each electric company's restructuring plan to ensure that the EDC's implement these important procedures.

Feedback

Consumer education staff evaluated the utility fairs that were held in cities across the state. Fair-planning committee members and attendees completed evaluations which the consumer education staff used to develop recommendations for future fairs and events.

The staff solicited informal feedback from consumer leaders and the PUC's Consumer Advisory Council (CAC) on the Commission's education efforts. The staff used the feedback to develop appropriate education methods for various consumer groups and geographic areas throughout Pennsylvania.

Coordinated Resources

Through the efforts of the Consumer Advisory Council (CAC), the consumer education staff developed a network of resources through other state agencies and community based organizations to help in disseminating the consumer education messages of the Commission.

The consumer education staff coordinated efforts with other state and local agencies to provide information on utility issues. Other agencies involved with energy, consumer issues, and consumer protection developed consumer seminars where the PUC actively participated.

In 1997, the consumer education staff began to actively participate on two committees that the Commission established to oversee broad policy issues relating to the pilot program. The staff continues to serve on both committees in 1998.

Toll Free Number

The toll free telephone number for reaching the PUC's consumer education office is 1-800-PUC-8685. For more information about the Commission's consumer education activities, readers may contact Maria Hanley of the PUC's Office of Communications by telephone at (717)787-3559 or by e-mail at hanley@puc.state.pa.us.

The PUC Consumer Advisory Council

The purpose of the Consumer Advisory Council (CAC) is to represent the public in advising the Commissioners on matters relating to the protection of consumer interests which are under the jurisdiction of the Commission, or which, in the opinion of the Council, should be brought under the jurisdiction of the Commission. The Council acts as a source of information and advice for the Commissioners. Interactions between the Council and the Commissioners occur through periodic meetings with the Commissioners and in writing via minutes of meetings and formal motions. Council meetings are generally held on the fourth Tuesday of the month in PUC Executive Chambers in Harrisburg starting at 10:00 a.m. and are open to the public.

Agenda Items

The Council considers matters which arise from consumer inquiry or request, Commissioner inquiry or request, or the proceedings, deliberations or motions of the Council itself. The Council solicits matters for review from these sources and establishes an agenda for action. In considering matters within its jurisdiction, the Council, or members of the Council acting under direction of the Council, may conduct investigations and solicit and receive comments from interested parties and the general public. Public

Utility Commission staff are made available to brief the Council on relevant matters and provide necessary support for the Council to complete its agenda. The monthly meeting agenda is available prior to each meeting from the PUC Press Office (717) 787-5722.

Qualifications and Appointment of Council Members

The following elected officials may each appoint one representative to the PUC Consumer Advisory Council: the Governor, the Lieutenant Governor, the Republican and Democratic Chairpersons of the Senate Consumer Protection and Professional Licensure Committee, and the Republican and Democratic Chairpersons of the House Consumer Affairs Committee. The Commission appoints additional “At-Large” representatives, as appropriate, to ensure that the group reflects a reasonable geographic representation of the Commonwealth, including low income individuals, members of minority groups and various classes of consumers. A person may not serve as a member of the Council if the individual occupies an official relation to a public utility or holds or is a candidate for a paid appointive or elective office of the Commonwealth. Members of the Council serve a two year term, and may be reappointed thereafter without limit. Officers of the Council serve for two year terms. A Chairperson may not act for more than two consecutive terms.

Standing (left to right): James S. Schneider; Cynthia Datig; Carl Kahl; Dr. Daniel Paul; Andrea Fitting; William Farally. Sitting (left to right): Charles MacDonald; Valeria Bullock (Vice-Chair); Katherine Newell (Chair); Alan Jennings

A new, two-year Council term started in July 1997 with some new members. Katherine Newell served as Chairman and Valeria Bullock served as Vice Chairman. The CAC met eleven times in 1997.

Summary of Activities

In 1997, the Council focused on the areas of electric competition and restructuring; proposed gas industry restructuring; consumer education and universal service issues.

- The Council submitted comments to the Commission on January 31, 1997 in response to the Tentative Order RE: Electric Utility Restructuring Filings Made Pursuant to 66 Pa. C.S. §2806(e) (M-00960890). The Council asked for uniform, generic rules and regulations which would apply for all electric restructuring filings to address issues such as consumer education, universal service, service quality, and consumer protections. In this filing the Council reiterated its continued strong support for maintaining important consumer protection standards in the restructured electric industry and the need to develop strong and effective marketing rules.
- The Council closely monitored implementation of the universal service provisions of the Electricity Generation Customer Choice and Competition Act. On July 7, 1997 the Council transmitted a letter to the Commission emphasizing the importance of universal service programs and their maintenance in the restructured electric industry.
- With the start of the electric competition pilot program enrollment process in September 1997, the Council devoted considerable time to monitoring pilot activity. The Council served as an important source of information concerning consumer experiences with the pilot process and advised the Commission on addressing the many issues involved. CAC Chair Katherine Newell participated in the Commission's press conference announcing the start of the pilots.
- As always, the Council took an intense interest in the Commission's consumer education activities. In addition to receiving briefings on the Commission's efforts, the Council actively participated in the planning and implementation of the consumer education program. The Council also received regular reports on the activities of the PUC's new competition information hotline.
- The restructured electric industry can provide additional opportunities for consumer fraud and abuse. These are matters over which the Commission shares jurisdiction with Pennsylvania's Office of Attorney General (OAG). The Council examined the interaction of the Commission and the OAG to help ensure that policies and procedures were in place to help protect consumers from possible fraudulent activities.

- The Council closely monitored the implementation of the universal service provisions of the federal Telecommunications Act of 1996. These provisions include discounted internet access fees for schools and libraries and a system of subsidies that keep phone service affordable for consumers in all areas. The Council received briefings on these implementation issues from both the Commission and the Office of Consumer Advocate.
- The area code changes in the 412, 610, 215 and 717 areas were examined by the Council. The Council urged the Commission to implement these changes in the least disruptive manner possible for consumers. The Council also asked that the Commission continue to pursue other remedies at the federal level that will hopefully minimize the need for future area code changes.

Readers may contact Dan Mumford of the Bureau of Consumer Services at (717) 783-1957 for more information about the PUC's Consumer Advisory Council. Information on the Council and its activities, including "Minutes" from recent meetings, is also available on the PUC's website at <http://puc.paonline.com> under "Consumer Information and Education." A listing of the names and addresses of Council members appears in Appendix N.

Pennsylvania Relay Service Advisory Board

The Commission established the Pennsylvania Relay Service Advisory Board (PRSAB) on May 24, 1990, with its order to establish a statewide Telecommunications Relay Service (TRS)¹. The purpose of the PRSAB is to review the success of TRS and identify improvements that should be implemented. The PRSAB functions primarily as a TRS consumer group by providing feedback and guidance to the TRS provider regarding communication assistant training, problem solving and service enhancements.

The PRSAB meets four times a year to advise the TRS provider on service issues and to discuss policy issues related to TRS. At each meeting, the TRS provider gives the Board a status report of its activities which include training, technological upgrades and outreach activities.

¹ TRS is a telecommunications service that allows people with hearing and/or speech disabilities to communicate with others by phone. TRS centers are staffed with communications assistants who relay conversation verbatim between people who use text telephone (TTY) or telebraille and people who use standard phones. Pennsylvania's TRS center is located in Wayne, Pennsylvania and is operated by AT&T of Pennsylvania. The total volume of calls through the Pennsylvania TRS increased 4% from 1996 to 1997. AT&T reported that it handled 1,611,921 relay calls in 1997.

Seated (left to right): Jim Stoltz, Vice Chairman; Donald Lurwick, Chairman; Marcia Finisdore, Secretary; Standing: Debra Maltese; Gail Wickwire; Colleen Danielson and Lenora Best.

The ten members of the PRSAB are appointed by the Commission and serve two-year terms. The Commission requires that the Board consist of one representative from the Pennsylvania Telephone Association, the Office for the Deaf and Hearing Impaired, and the TRS provider (AT&T of Pennsylvania); two representatives from the Commission and five representatives from the speech and hearing-impaired community. During 1997, board members from the speech and hearing impaired community included representatives from the following organizations: Pennsylvania Society for Advancement of the Deaf, Self Help for the Hard of Hearing, and Central Pennsylvania Association for the Deaf & Blind. See Appendix O for the PRSAB membership listing.

1997 Highlights

As a user group, the PRSAB meeting agenda items are primarily related to quality of service issues for improving relay service. However, since the establishment of the PRSAB, the board has advised the Commission on many critical policy issues that affect TRS users. The following highlights major policy issues and agenda items for 1997:

Quality of Service

Much of this discussion in 1997 focused on improving the performance of the TRS communication assistants (CAs). The Board recommended that assistants receive additional training in certain aspects of customer service as well as technical training on TRS equipment. In addition, the Board discussed the need for procedures to dial toll free numbers in Pennsylvania when out-of-state CAs handle a call.

Service Enhancements

During 1997 the PRSAB discussed the service enhancements that would improve TRS. Specifically, the Board examined the pros and cons of adding “turbo code” as a feature of TRS. According to AT&T, “turbo code is an enhanced form of Baudot, the communications method used by TTYs that allows TTY conversation to occur at a more natural pace.” Given the limited available information on turbo code, the Board tabled discussions about recommending turbo code in 1997 until more research could be done on the benefits and costs of this service enhancement.

TTY Pay Phones

The PRSAB continued to focus on the inaccessibility of TRS from certain public pay TTY phones located at Pennsylvania Turnpike plazas. In 1996, the Board worked with the Commission and the pay phone provider to resolve this problem. However, the Board discovered in 1997 that the TTY chosen by the provider needed to be changed to fully meet the user’s needs. In addition, the Board worked with Amtrak to get more public pay TTY phones in the company’s 30th Street Train Station in Philadelphia .

TTY Distribution Program

A major policy issue that continued to be of interest to the PRSAB was the implementation of the Telecommunications Device Distribution Program (TDDP). This program provides communications equipment such as TTYs and other related equipment to qualified persons with speech or hearing disabilities. The Board closely monitored the program and was interested in its progress. At its December meeting the Board was given a status report, dated November 27, 1997, that indicated that over 400 pieces of equipment had been distributed.

711 Gateway

During 1997, the Federal Communication Commission (FCC) issued for comment a Notice of Proposed Rulemaking on the feasibility of implementing 711 for TRS access. Of primary interest to the PRSAB was the development of 711 as a

gateway that would allow TRS users to access multiple TRS providers. The Board discussed the potential benefits of 711 and its application to Pennsylvania TRS users.

Accessibility To Toll Free Numbers

Several members of the PRSAB indicated that they had encountered problems when they used TRS to call certain toll free numbers. AT&T advised the PRSAB that certain toll free numbers cannot be used with the TRS. This problem is due to the toll free number not being accessible outside a designated calling area. Toll free numbers that do not include the Wayne, Pennsylvania exchanges will not allow the TRS to complete the call. If a toll free number is statewide then the TRS should not have a problem processing the call.

Utility Access For Customers With Speech Or Hearing Disabilities Survey

The PRSAB discussed potential access problems with reaching a utility's customer service and repair center because the utility's toll free numbers can be reached through the TRS center. In response to this problem, the Bureau of Consumer Services advised utilities about this accessibility issue and conducted an informational survey of 52 electric, gas, water and telephone utilities to determine how many utilities may be affected by this problem. The survey focused on three areas: 1) whether the toll free number included the Wayne, PA exchanges, 2) provisions for accessibility and 3) availability of customer materials that advise customers to use TRS. Generally, utilities indicated that they have provisions to provide access to customers with speech or hearing disabilities. However, 30% of the utilities' toll free numbers do not include the Wayne, PA exchange. Another 30% do not have customer materials that advise customers that they may use TRS to contact them. The PRSAB viewed these results as an opportunity for AT&T to do outreach to utilities about TRS. AT&T sent out TRS brochures to each of the utilities surveyed and offered them a free presentation about the service.

AT&T National Relay Center In New Castle, PA

In July 1997, AT&T opened and began operating the AT&T National Relay Center in New Castle, Pennsylvania. This is a high-tech facility that uses state-of-the-art technology to provide relay service throughout the United States. AT&T invited the PRSAB to hold its September 1997 meeting at the new center and to tour the new facility. On October 13, 1997, Governor Tom Ridge officially opened the center in a special ribbon cutting ceremony that was attended by state and local business leaders. With the opening of the New Castle Center, the company can process more Pennsylvania calls as well as calls from all over the United States.

For more information about the Pennsylvania Relay Service Advisory Board contact Louise Fink Smith, PUC Liaison and Legal Advisor at (717) 787-8866. To learn more about TRS, contact Colleen Danielson, AT&T Outreach Manager, by using the TRS at 1-800-654-5988, then (908) 231-6104-TTY.

9. Quality of Service Benchmarking

Historically, the annual report prepared by the BCS for electric, gas and water utilities has presented information based in large part on customer contacts to the PUC's Bureau of Consumer Services. This has been and still is the case for consumer complaint, payment arrangement and compliance information. As such, the discussion may or may not represent broad statistical trends. The Commission recognizes that this approach has certain shortcomings. For example, most customer contacts to utilities do not result in contacts to the PUC and thus, the BCS and the Commission have had no opportunity to evaluate the quality of the majority of customer contacts with their utilities. The measures that the Bureau of Consumer Services has traditionally used focus on only a portion of the customer service performance of utilities.

In order to capture a more accurate and complete picture of the quality of customer service experienced by customers of utility companies, this report will evolve over the next several years to include additional measures. The development of the report will coincide with the Commission's efforts to develop quality of service measurement and reporting on the part of utilities and other energy providers as appropriate.

The Commission took steps in this direction in 1997. The Electricity Generation Customer Choice and Competition Act is clear in its intent that the electric utilities are to maintain, at a minimum, the current levels of customer service to customers. In response, the Commission adopted a Tentative Order in March to solicit comments on a variety of potential quality of service measures. This order solicited comments on a variety of potential quality of service measures, asked EDCs to describe current performance monitoring practices and performance standards and supply the Commission with historic performance. All the EDCs and numerous other parties submitted comments.

In December, the Commission issued a Proposed Rulemaking Order that proposed reporting requirements for quality of service benchmarks and standards. The purpose of the rulemaking is to establish a means by which the Commission can develop uniform measurement and reporting to assure that the quality of customer service of the EDCs is maintained.

Future Plans

In March 1998, the Commission issued a Secretarial letter to all EDCs. In this letter, the Commission requested that EDCs report data on various quality of service measures until proposed regulations take effect. In April 1998, the Commission adopted a Final Rulemaking Order that established reporting requirements for the EDCs regarding various measures of customer service performance. The measures include telephone access to the EDC, billing performance, meter reading performance, response to customer disputes, customer survey results, and informal complaints to the Bureau of Consumer Services. The Independent Regulatory Review Commission approved the rulemaking in June 1998.

The Commission will analyze the data submissions of the EDCs in response to the Tentative Order, the Secretarial Letter and the Reporting Requirements. After the Commission has received a year or two of reporting from the EDCs on uniform measurements, the Commission will consider setting standards for performance. These standards could be company specific or present a wide band of acceptance for an industry standard. The setting of standards will be the subject of a future proceeding.

Section 2809(e) states that “in regulating the service of electric generation suppliers (EGSs), the Commission shall impose requirements necessary to ensure that the present quality of service provided by electric utilities does not deteriorate...”. In our view, electric suppliers will be providing some aspects of service that are parallel to those provided by the EDCs. Thus the Commission has plans to institute proceedings to require the EGSs to report appropriate data regarding customer service performance.

Glossary of Terms

Consumer Complaint Rate - The number of consumer complaints per 1,000 residential customers.

Consumer Complaints - Cases to the Bureau of Consumer Services involving billing, service, rates and other issues not related to requests for payment terms.

Customer Assistance Program (CAPs) - Alternative collection programs set up between a utility company and a customer that allow low income, payment troubled customers to pay utility bills that are based on household size and gross household income. CAP participants agree to make regular monthly payments, which are usually less than the current bill, in exchange for continued utility service.

Electric Distribution Company (EDC) - Owner of the power lines and equipment necessary to deliver purchased electricity to the customer.

Electric Generation Supplier (EGS) - A person or corporation, generator, broker, marketer, aggregator or other entity, that sells electricity, using the transmission or distribution facilities of an electric distribution company (EDC).

Hardship Funds - Utility-sponsored funds that provide cash assistance to low income utility customers to help them pay their utility bills.

Infraction: A misapplication or infringement of a Commission regulation, particularly the standards and billing practices for residential utility service.

Infraction Rate - The number of informally verified infractions per 1,000 residential customers (includes infractions drawn from both consumer complaints and payment arrangement requests).

Inquiries - Consumer contacts to the Bureau of Consumer Services that, for the most part, require no follow-up investigation beyond the initial contact.

Justified Consumer Complaint Rate - The number of justified consumer complaints per 1,000 residential customers.

Justified Payment Arrangement Request Rate - The number of justified payment arrangement requests per 1,000 residential customers.

Payment Arrangement Request Rate - The number of payment arrangement requests per 1,000 residential customers.

Payment Arrangement Requests - Consumer requests for payment arrangements principally include contacts to the PUC's Bureau of Consumer Services involving a request for payment terms in one of the following situations: suspension/termination of service is pending; service has been suspended/terminated and the customer needs payment terms to have service restored; or the customer wants to retire an arrearage.

Problem Categories - A breakdown of residential consumer complaints by specific problem categories such as billing, credit and deposits, service quality, rates, etc.

Response Time in Days - Response time is the time span in days from the date of the Bureau's first contact with the company regarding a consumer complaint and/or request for payment arrangements to the date on which the company provides the Bureau with all of the information needed to resolve the case and determine whether or not the customer was justified in seeking a payment arrangement through the BCS. Response time quantifies the speed of a utility's response ("responsiveness") in resolving BCS cases. In this report, response time is presented as a mean number of days for each company.

Termination Rate - The number of residential customers whose service was terminated per 1,000 residential customers.

Appendices

Appendix A-1

Classification of Consumer Complaints Electric, Gas & Water

Metering: Billing complaints directly related to the reading of or the failure to read the customer's meter and the accuracy of the meter readings (company reading, customer supplied reading, misreading).

Billing Disputes: Complaints about bills from the utility: high bills, inaccurate bills or balances, installation charges, customer charges, service charges, repair charges, late payment charges, frequency of bills and the misapplication of payment on bills.

Discontinuance/Transfer: Complaints related to the responsibility for or the amount of bills after discontinuance or transfer of service: the customer requested discontinuance of service and the company failed to finalize the account as requested or the company transferred a balance to a new or existing account from the account of another person or location.

Other Payment Issues: Complaints about the amount of budget bills or the transfer of a customer's debt to a collection agency.

Credit & Deposits: Complaints about a company's requirements to provide service: applicant must pay another person's bill, applicant must complete an application, applicant must provide identification, or applicant must pay a security deposit. This category also includes complaints about the amount of or the amortization of a deposit, the payment of interest on a deposit or the failure of a company to return a deposit to the customer.

Service Extensions: Complaints about line extensions or installation of service: the responsibility for line extensions, the cost and payment for line extensions, inspection requirements, delay in installation, connection or disconnection of service, and denial of service extensions.

Service Interruptions: Complaints about service interruptions: the frequency of service interruptions, the duration of interruptions or the lack of prior notice regarding interruptions.

Service Quality: Complaints about a utility's product: The quality of the product is poor (water quality, voltage, pressure), the company's equipment is

unsatisfactory or unsafe, the company fails to act on a complaint about safety, the company plans to abandon service, the company does not offer needed service, the company wants to change location of equipment or the company providing service is not certified by the PUC (defactos).

Damages: Complaints about a company's lack of payment or lack of restored property related to damages to equipment, appliances or property due to service outages, company construction or repair, and improperly delivered or transferred service.

Scheduling Delays: Complaints about problems with a company's scheduling: delays in scheduling or repairing service or relocating poles, failures to keep scheduled meetings or appointments, and lack of accessibility to customers.

Personnel Problems: Complaints about performance by company personnel: a company representative did not finish job correctly, a meter reader entered a customer's home to read the meter without knocking, company personnel will not perform a requested service, business office personnel treated the customer rudely, and overall mismanagement of a utility. This category also includes any complaints about sales such as appliance sales by the utility.

Rates: General or specific complaints about a utility's rates: general or specific rates are too high, the company's rates are being used to recover advertising costs, or the customer is being billed on the incorrect rate.

Competition: Complaints about issues that are directly related to competition: enrollment/eligibility, application and licensing, supplier selection, changing/switching suppliers which includes slamming, advertising and sales, billing, contracts, and credit and deposits. This category also includes any complaints about more general competition issues such as consumer education, pilot programs and restructuring.

Other: All other complaints that do not fit into the above categories including but not limited to complaints about termination procedures when there is no need for payment arrangements and complaints about delivered service from the utility.

Appendix A-2

Classification of Consumer Complaints Telephone

Billing Disputes: Complaints about bills from the utility; high bills, inaccurate bills or balances, installation charges, customer charges, service charges, repair charges, late payment charges, frequency of bills and the misapplication of payment on bills.

Discontinuance/Transfer: Complaints related to responsibility for or the amount of bills after discontinuance or transfer of service; company failure to finalize the account as requested or the company transferred a balance to a new or existing account from the account of another person or location.

Non Recurring Charges: Complaints about one time charges for installation of basic and/or nonbasic services.

Toll Services: Complaints about charges for local toll and/or long distance toll services.

Credit & Deposits: Complaints about a company's requirements to provide service: applicant payment of another person's bill, completion of an application, provision of identification, or payment of a security deposit. This category also includes complaints about the amount of or the amortization of a deposit, the payment of interest on a deposit or the failure of a company to return a deposit to the customer.

Rates: General or specific complaints about a utility's rates; general or specific rates are too high; or the customer is being billed on the incorrect rate.

Unsatisfactory Service: Complaints about poor service quality or poor service: this includes problems with the assignment of phone numbers, incorrect information in phone directories, lack of directories, equal access to toll network and service interruptions and outages.

Service Delivery: Complaints about delays in service installations or disconnections of service and failures to keep scheduled appointments. This also includes the lack of facilities to provide service, unauthorized transfer of service, unavailability of special services and the rudeness of business office personnel.

Annoyance Calls: Complaints about the company's failure to resolve problems related to receiving unsolicited sales calls or harassing calls. This includes the company's failure to change the phone number, initiate an investigation and problems with auto dialers and fax machines.

Disputes Related to Suspension/Termination: Complaints about suspension or termination procedures when there is no need for a payment arrangement.

Audiotex: Complaints about the company's failure to resolve billing problems related to special phone entertainment or information services.

Sales Nonbasic Services: Complaints related to the sale of nonbasic services. This includes that availability of certain services and

Other: Complaints about matters such as Extended Area of Service and the expansion of local calling areas, excessive rates from operator services that provide phone service to hospitals, hotels, etc., excessive coin phone rates, etc.

Appendix B - Table 1

Consumer Complaint Categories*: 1997 Major Electric Utilities

Categories**	Allegheny Power	Duquesne	GPU	PECO	Penn Power	PP&L	UGI-Elec.	Electric Majors
Metering	36	24	60	65	3	39	1	228
Billing Disputes	64	62	81	167	6	105	5	490
Discontinuance/ Transfer	15	22	21	49	3	28	3	141
Other Payment Issues	6	4	8	17	2	16	0	53
Credit & Deposits	5	11	7	5	4	6	0	38
Service Extensions	7	2	13	13	5	12	2	54
Service Interruptions	12	20	19	21	1	16	0	89
Service Quality	16	9	14	47	3	12	0	101
Damages	23	12	15	19	2	10	0	81
Scheduling Delays	6	8	10	9	2	3	0	38
Personnel Problems	13	10	7	81	2	3	2	118
Rates	2	1	3	2	0	4	0	12
All Other Problems	7	4	16	23	3	7	1	61
TOTAL	212	189	274	518	36	261	14	1,504

* Categories are for residential complaints evaluated by BCS as of June 2, 1998. The case outcome may have been justified, inconclusive or unjustified

**An explanation of the various complaint categories appears in Appendix A-1.

Appendix B - Table 2

Consumer Complaint Categories*: 1997 Major Gas Utilities

Categories**	Columbia	Equitable	NFG	PG Energy	Peoples	UGI-Gas	Gas Majors
Metering	56	40	10	9	62	29	206
Billing Disputes	25	64	25	17	50	41	222
Discontinuance/ Transfer	9	20	15	2	24	21	91
Other Payment Issues	6	23	4	0	6	6	45
Credit & Deposits	2	13	2	0	5	11	33
Service Extensions	7	3	2	9	5	6	32
Service Interruptions	3	3	0	0	0	0	6
Service Quality	7	8	6	4	4	3	32
Damages	7	3	3	2	3	2	20
Scheduling Delays	3	1	1	0	5	1	11
Personnel Problems	11	16	3	5	9	5	49
Rates	9	18	5	4	18	1	55
All Other Problems	12	7	2	1	5	3	30
TOTAL	157	219	78	53	196	129	832

* Categories are for residential complaints evaluated by BCS as of June 2, 1998. The case outcome may have been justified, inconclusive or unjustified.

**An explanation of the various complaint categories appears in Appendix A-1.

Appendix B - Table 3

Consumer Complaint Categories*: 1997 Major Water Utilities

Categories**	PA-American	Philadelphia Suburban	Other "Class A" Water	All "Class A" Water
Metering	28	15	10	53
Billing Disputes	91	34	7	132
Discontinuance/Transfer	7	6	3	16
Other Payment Issues	4	0	0	4
Credit & Deposits	2	2	4	8
Service Extensions	19	1	21	41
Service Interruptions	3	0	4	7
Service Quality	24	3	64	91
Damages	15	1	2	18
Scheduling Delays	3	1	3	7
Personnel Problems	15	3	3	21
Rates	4	0	1	5
All Other Problems	12	3	3	18
TOTAL	227	69	125	421

* Categories are for residential complaints evaluated by BCS as of June 2, 1998. The case outcome may have been justified, inconclusive or unjustified.

**An explanation of the various complaint categories appears in Appendix A-1.

Appendix B-Table 4
Consumer Complaint Categories*: 1997
Major Telephone Utilities

Categories**	ALLTEL	Bell	Commonwealth	GTE	United	Telephone Majors
Billing Disputes	12	154	6	21	19	212
Discontinuance/Transfer	1	35	0	1	5	42
Non -Recurring charges	2	58	0	4	10	74
Toll Services	3	86	4	10	12	115
Credit & Deposits	21	38	2	6	4	71
Rates	0	25	0	11	1	37
Unsatisfactory Service	17	169	7	47	21	261
Service Delivery	7	217	3	24	11	262
Annoyance Calls	0	45	3	3	0	51
Disputes Related to Suspensions/Terminations	3	7	0	0	1	11
Audiotex	2	17	0	3	0	22
Sales Nonbasic Services	4	51	0	7	1	63
Other	1	19	0	0	2	22
TOTAL	73	921	25	137	87	1,243

* Categories are for all complaints evaluated by BCS as of June 2, 1998. The case outcome may have been justified, inconclusive or unjustified.

**An explanation of the various complaint categories appears in Appendix A-2.

Appendix C - Table 1

1996-1997 Residential Consumer Complaint Statistics Major Electric Utilities

Company Name	1997 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
Allegheny Power	577,560	197	252	28%	0.34	0.44	50	0.09	93	0.16
Duquesne	515,848	280	236	-16%	0.54	0.48	64	0.12	31	0.06
GPU	909,893	--	344	2% ⁴	--	0.39	--	--	157	0.17
Met Ed (see GPU in 1997)	--	138	--	--	0.33	--	47	0.11	--	--
PECO	1,339,668	886	695	-22%	0.67	0.53	456	0.34	244	0.18
Penelec (see GPU in 1997)	--	199	--	--	0.40	--	67	0.14	--	--
Penn Power	127,769	34	39	15%	0.27	0.34	2	0.02	7	0.05
PP&L	1,089,822	391	326	-17%	0.36	0.30	112	0.10	56	0.05
UGI-Electric	53,480	20	16	-20%	0.37	0.32	8	0.15	8	0.15
Major Electric	4,614,040	2,145	1,908	-11%			808		596	
Average of Rates					0.42⁵	0.42⁵		0.13⁵		0.11⁵

¹Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers. The case outcome may have been justified, inconclusive or unjustified.

²Estimated based on the number of cases on CSIS as of June 2, 1998

³Justified Consumer Complaint Rate = Justified Consumer Complaints per 1,000 Residential Customers

⁴1997 GPU volume compared with the total of Met-Ed's 1996 volume and Penelec's 1996 volume

⁵Does not include UGI-Electric

Appendix C - Table 2

1996-1997 Residential Consumer Complaint Statistics Major Gas Utilities

Company Name	1997 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
Columbia	327,662	115	181	57%	0.35	0.55	22	0.07	52	0.16
Equitable	228,630	271	246	-9%	1.18	1.08	95	0.41	51	0.22
NFG	194,804	93	89	-4%	0.48	0.46	27	0.14	26	0.13
Peoples	316,544	255	242	-5%	0.81	0.76	114	0.36	109	0.34
PG Energy	131,751	61	58	-5%	0.47	0.44	20	0.15	23	0.17
UGI-Gas	226,529	201	152	-24%	0.90	0.67	91	0.41	45	0.20
Major Gas	1,425,920	996	968	-3%			369		306	
Average of Rates					0.70	0.66		0.26		0.21

¹Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers. The case outcome may have been justified, inconclusive or unjustified.

²Estimated based on the number of cases on CSIS as of June 2, 1998

³Justified Consumer Complaint Rate = Justified Consumer Complaints per 1,000 Residential Customers

Appendix C - Table 3

1996-1997 Residential Consumer Complaint Statistics Major Water Utilities

Company Name	1997 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
PA-American	492,306	224	263	9% ⁴	0.46	0.53	58	.12	81	0.16
PG&W-Water	N/A ⁵	17	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Phila. Suburban	268,550	91	75	-18%	0.34	0.28	27	.10	23	0.09
Other Class A	167,090	87	156	79%	0.54	0.93	53	.33	101	0.60
Major Water	927,946	419	494	18%			138		205	
Average of Rates					0.45	0.58		.18		0.28

¹Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers. The case outcome may have been justified, inconclusive or unjustified.

²Estimated based on the number of cases on CSIS as of June 2, 1998

³Justified Consumer Complaint Rate = Justified Consumer Complaints per 1,000 Residential Customers

⁴1997 PA-American volume compared with total of 1996 PA-American and 1996 PG&W-Water

⁵PA-American acquired PG&W-Water in February 1996

Appendix C-Table 4

1996-1997 Residential Consumer Complaints/Consumer Complaint Rate Major Telephone Utilities

Company Name	1997 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
ALLTEL	173,861	73	81	11%	.43	.47	31	.18	48	.28
Bell	3,790,020	1,239	1178	-5%	.33	.31	686	.18	642	.17
Commonwealth	196,779	30	31	3%	.17	.16	19	.11	16	.08
GTE	467,641	190	159	-16%	.42	.34	121	.26	100	.21
United	275,323	90	93	3%	.33	.34	24	.09	34	.12
Major Telephone	4,903,624	1,622	1,542	-5%			881		840	
Average of Rates					.34	.32		.16		.17

¹Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers. The case outcome may have been justified, inconclusive or unjustified.

²Estimated based on the number of cases on CSIS as of June 2, 1998

³Justified Consumer Complaint Rate = Justified Consumer Complaints per 1,000 Residential Customers

Appendix D

1996-1997 Response time: BCS Consumer Complaints

Company	Average Time in Days		Change in Days 1996 to 1997
	1996	1997	
Allegheny Power	21.6	24.0	2.4
Duquesne	20.6	19.3	-1.3
GPU	N/A	30.8	8.7 ¹
Met-Ed	20.5	N/A	N/A
PECO	25.7	24.2	-1.5
Penelec	23.3	N/A	N/A
Penn Power	3.2	6.4	3.2
PP&L	11.3	12.3	1.0
UGI-Electric	16.4	17.2	0.8
Major Electric²	18.0³	19.5³	1.5
Columbia	12.6	25.1	12.5
Equitable	24.7	18.4	-6.3
NFG	10.6	6.5	-4.1
Peoples	16.4	14.4	-2.0
PG Energy	5.9	5.5	-0.4
UGI-Gas	18.4	10.2	-8.2
Major Gas²	14.8	13.4	-1.4
PA-American	3.6	5.0	1.4
Phila. Suburban	7.7	5.0	-2.7
Other Class A	24.5	13.5	-11.0
Major Water²	11.9	7.9	-4.0
ALLTEL	4.9	3.9	-1.0
Bell	18.8	19.0	0.2
Commonwealth	9.5	4.3	-5.2
GTE	20.6	26.5	5.9
United	7.7	9.6	1.9
Major Telephone²	12.3	12.7	.04

¹1997 GPU response time compared with 1996 combined response times for Met-Ed and Penelec

²Average of response times

³Does not include UGI-Electric

Appendix E - Table 1

1996-1997 Residential Payment Arrangement Request Statistics Major Electric Utilities

Company Name	1997 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS			Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
Allegheny Power	577,560	2,102	2,445	16%	3.66	4.23	345	0.60*	365	0.63*
Duquesne	515,848	7,759	7,471	-4%	15.06	14.48	489	0.95*	709	1.37*
GPU	909,893	N/A	5,037	109% ⁴	n/1	5.54	N/A	N/A	872	0.96*
Met-Ed (GPU in '97)	N/A	1,400	-	-	3.39	-	226	0.55	-	-
PECO	1,339,668	2,590	4,023	55%	1.94	3.00	437	0.33*	742	0.55*
Penelec (GPU in '97)	N/A	1,005	-	-	2.04	-	172	0.35	-	-
Penn Power	127,769	1,005	970	-3%	7.95	7.59	204	1.61	286	2.24*
PP&L	1,089,822	7,124	4,977	-30%	6.58	4.57	449	0.41*	415	0.38*
UGI-Electric	53,480	134	160	19%	2.50	2.99	51	0.95	54	1.01
Major Electric	4,614,040	23,119	25,083	8%			2,373		3,443	
Average of Rates					5.80⁵	6.57⁵		0.69⁵		1.02⁵

¹Payment Arrangement Request Rate = Payment Arrangement Requests per 1,000 Residential Customers. Case outcome may have been justified, inconclusive or unjustified.

²Estimated based on a probability sample of cases and/or the number of cases on CSIS as of June 2, 1998

³Justified Payment Arrangement Request Rate = Justified Payment Arrangement Requests per 1,000 Residential Customers

⁴GPU volume compared with the total of Met-Ed's 1996 volume and Penelec's 1996 volume

⁵Does not include UGI-Electric

* Based on a probability sample of cases

Appendix E - Table 2

1996-1997 Residential Payment Arrangement Request Statistics Major Gas Utilities

Company Name	1997 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS			Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
Columbia	327,662	840	1,492	78%	2.54	4.55	189	0.57	360	1.10*
Equitable	228,630	2,572	3,997	55%	11.23	17.48	354	1.55*	434	1.90*
NFG	194,804	717	1,100	53%	3.68	5.65	201	1.03	352	1.81*
Peoples	316,544	2,766	2,940	6%	8.78	9.29	273	0.87*	178	0.56*
PG Energy	131,751	235	275	17%	1.81	2.09	27	0.21	28	0.21*
UGI-Gas	226,529	1,258	1,841	46%	5.66	8.13	446	2.01	701	3.09*
Major Gas	1,425,920	8,388	11,645	39%			1,490		2,053	
Average of Rates					5.62	7.86		1.04		1.45

¹Payment Arrangement Request Rate = Payment Arrangement Requests per 1,000 Residential Customers. Case outcome may have been justified, inconclusive or unjustified.

²Estimated based on a probability sample of cases and/or the number of cases on CSIS as of June 2, 1998

³Justified Payment Arrangement Request Rate = Justified Payment Arrangement Requests per 1,000 Residential Customers

*Based on a probability sample of cases

Appendix E - Table 3

1996-1997 Residential Payment Arrangement Request Statistics Major Water Utilities

Company Name	1997 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS			Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997	
PA-American	492,306	879	1,101	25% ⁴	1.79	2.24	70	0.14	76	0.15*
PG&W-Water	N/A ⁵	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Phila. Suburban	268,550	134	129	-4%	.50	0.48	34	0.13	62	0.23
Other "Class A" Water	167,090	84	222	164%	.52	1.33	37	0.23	64	0.38
Major Water	927,946	1,102	1,452	32%			141		202	
Average of Rates					0.94	1.35		0.17		0.26

¹Payment Arrangement Request Rate = Payment Arrangement Requests per 1,000 Residential Customers. Case outcome may have been justified, inconclusive or unjustified.

²Estimated based on a probability sample of cases and/or the number of cases on CSIS as of June 2, 1998

³Justified Payment Arrangement Request Rate = Justified Payment Arrangement Requests per 1,000 Residential Customers

⁴1997 PA-American volume compared with total of 1996 PA-American and 1996 PG&W-Water

⁵PA-American acquired PG&W-Water in February 1996

*Based on a probability sample of cases

Appendix E - Table 4
1996-1997 Residential Payment Arrangement Request Statistics
Telephone Utilities

Company Name	1997 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS			Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests Numbers ² and Rates ³			
		1996	1997	% Change in #	1996	1997	1996		1997**	
ALLTEL	173,861	54	96	20%	.32	.55	N/A	N/A	25	.14
Bell	3,790,020	5,462	4,734	12%	1.46	1.25	N/A	N/A	1,340	.35
Commonwealth	196,779	20	20	5%	.11	.10	N/A	N/A	8	.04
GTE	467,641	88	82	-19%	.19	.18	N/A	N/A	46	.10
United	275,323	77	55	0%	.28	.20	N/A	N/A	9	.03
Major Telephone	4,903,624	5,701	4,987	11%					1,428	
Average of Rates					.47	.46				.13

¹Payment Arrangement Request Rate = Payment Arrangement Requests per 1,000 Residential Customers. Case outcome may have been justified, inconclusive or unjustified.

²Estimated based on the number of cases on CSIS as of June 2, 1998

³Justified Payment Arrangement Request Rate = Justified Payment Arrangement Requests per 1,000 Residential Customers

*Based on a probability sample of cases

**Justified Payment Arrangement Request data is not available for 1996. See Chapter 6 for explanation

Appendix F

1996-1997 Response Time: BCS Payment Arrangement Requests

Company	Average Time in Days		Change in Days
	1996	1997	1996 to 1997
Allegheny Power	10.2*	14.1*	3.9
Duquesne	13.2*	8.0*	-5.2
GPU	N/A	21.8*	16.8 ¹
Met-Ed (see GPU in '97)	5.6	N/A	N/A
PECO	22.4*	20.8*	-1.6
Penelec (see GPU in '97)	4.2	N/A	N/A
Penn Power	0.9	0.8*	-.1
PP&L	10.4*	6.8*	-3.6
UGI-Electric	6.0	5.4	-.6
Major Electric²	9.6³	12.1³	2.5
Columbia	4.7	8.7*	4.0
Equitable	21.1*	11.1*	-10.0
NFG	6.1	5.3*	-.8
Peoples	4.5*	3.1*	-1.4
PG Energy	2.0	3.0	1.0
UGI-Gas	5.4	4.6*	-0.8
Major Gas²	7.3	6.0	-1.3
PA-American	2.2	2.0*	-0.2
Philadelphia Suburban	4.9	3.8	-1.1
Other Class A	22.4	15.3	-7.1
Major Water²	9.8	7.0	-2.8
ALLTEL	NA ⁴	3.4	NA
Bell	NA ⁴	9.0*	NA
Commonwealth	NA ⁴	7.3	NA
GTE	NA ⁴	18.7	NA
United	NA ⁴	8.8	NA
Major Telephone²	NA⁴	9.4	NA

* Based on a probability sample of cases

¹1997 GPU response time compared with combined 1996 response times for Met-Ed and Penelec

²Average of Response Times

³Does not include UGI-Electric

⁴Not available for 1996. See Chapter 6 for explanation.

Appendix G - Table 1

1995-1997 Infraction Statistics Major Electric Utilities

Company	1997 Residential Customers	Infractions				Infraction Rates ¹		
		1995	1996	1997	% Change in 1996-1997	1995	1996	1997
Allegheny Power	577,560	52	65	80	23%	0.09	0.11	0.14
Duquesne	515,848	54	72	24	-67%	0.10	0.14	0.05
GPU	909,893	-----	-----	228	51% ²	-----	-----	0.25
Met-Ed (see GPU in 1997)	N/A	53	69	-----	-----	0.13	0.17	-----
PECO	1,339,668	492	573	217	-62%	0.37	0.43	0.16
Penelec (see GPU in 1997)	N/A	19	82	-----	-----	0.04	0.17	-----
Penn Power	127,769	8	8	8	0%	0.06	0.06	0.06
PP&L	1,089,822	106	98	33	-66%	0.10	0.09	0.03
UGI-Electric	53,480	23	20	12	-40%	0.43	0.37	0.22
Major Electric	4,614,040	807	987	602	-39%			

¹Infraction Rate = Number of Infractions per 1,000 Residential Customers

²1997 infractions of GPU compared with the combined total of 1996 infractions of Met-Ed and Penelec

Appendix G - Table 2

1995-1997 Infraction Statistics Major Gas Utilities

Company	1997 Residential Customers	Infractions				Infraction Rates ¹		
		1995	1996	1997	% Change in 1996-1997	1995	1996	1997
Columbia	327,662	53	51	51	-0%	0.16	0.15	0.16
Equitable	228,630	121	72	26	-64%	0.53	0.31	0.11
NFG	194,804	23	36	19	-47%	0.12	0.18	0.10
Peoples	316,544	82	110	112	2%	0.26	0.35	0.35
PG Energy	131,751	27	19	17	-11%	0.21	0.15	0.13
UGI-Gas	226,529	71	144	37	-74%	0.32	0.65	0.16
Major Gas	1,425,920	377	432	262	-39%			

¹Infraction Rate = Number of Infractions per 1,000 Residential Customers.

Appendix G - Table 3

1995-1997 Infraction Statistics Major Water Utilities

Company	1997 Residential Customers	Infractions				Infraction Rates ¹		
		1995	1996	1997	% Change in 1996-1997	1995	1996	1997
PA-American	492,306	32	67	45	-33%	0.09	0.14	0.09
PG&W-Water	N/A	34	N/A ¹	N/A	N/A	0.28	N/A	N/A
Phila. Suburban	268,550	51	44	25	-43%	0.20	0.17	0.09
Other "Class A"	167,090	51	56	39	-30%	0.32	0.34	0.23
Major Water	927,946²	168	167	109	-35%			

¹Infraction Rate = Number of Infractions per 1,000 Residential Customers.

²PA-American acquired PG&W-Water in February 1996.

Appendix G - Table 4
1995-1997 Infraction Statistics
Major Telephone Utilities

Company Name	1997 Residential Customers	Infractions				Infraction Rates ¹		
		1995	1996	1997	% Change in 1996-1997 #	1995	1996	1997
ALLTEL	173,861	28	29	67	131%	0.17	0.17	0.39
Bell	3,790,020	1,372	1,248	904	-27%	0.37	0.33	0.24
Commonwealth	196,779	37	54	45	-17%	0.21	0.31	0.23
GTE	467,641	518	316	357	13%	1.14	0.69	0.76
United	275,323	57	63	82	30%	0.21	0.23	0.30
Major Telephone	4,903,624	2,012	1,710	1,455	-15%	0.42	0.35	0.30

¹Infraction Rate = Number of Infractions per 1,000 Residential Customers

Appendix H

1997 CAP Participant Payment Rate			
Utility	1995	1996	1997
Allegheny	81%	89%	90%
Duquesne	N/A	89%	85%
Met-Ed	84%	82%	78%
PECO-CAP	71%	77%	87%
CAP Rate		70%	68%
Penelec	77%	81%	85%
Penn Power	No Program		
PP&L	N/A	N/A	N/A
UGI-Electric	No Program		
Columbia	N/A	N/A	N/A
Equitable	85%	87%	84%
NFG	82%	80%	77%
PG Energy	N/A	69%	66%
Peoples	91%	85%	91%
UGI-Gas	Program began 7/97		
Quarterly Ave	81%	81%	81%

*Participant payment rate is defined as the total number of CAP bills issued in a quarter divided by the total number of full, on-time CAP payments in a quarter.

Appendix I

Customer Assistance Programs 1997 Evaluations

Duquesne Process Evaluation

Judith M. Gregory (Gregory), Applied Energy Research, prepared a process evaluation for Duquesne. The evaluation found that the program is operating as designed and that the staff responsible for administering the program are doing an excellent job. Gregory made recommendations regarding staffing, program eligibility, the referral and certification process, account monitoring, energy assistance, and referrals to Smart Comfort. The recommendations should improve the efficiency of the program.

Highlights of Gregory's preliminary findings include the following:

- , **Payments.** The percentage of full, on-time payments increased from 68% to 89% after enrollment in CAP.
 - Customers who made less than 4 payments before enrolling in CAP increased the percentage of full, on-time payments from 23% to 78%.
 - Customers who made 4 to 8 payments before enrolling in CAP increased the percentage of full, on-time payments from 52% to 88%.
 - Customers who made more than 8 payments before enrolling in CAP decreased the percentage of full, on-time payments from 92% to 91%.
- , **Decreasing delinquencies while maintaining basic service for CAP participants.** Duquesne can meet its goal of decreasing delinquencies while maintaining basic service if CAP participants continue to meet their responsibilities.

Allegheny Power Impact Evaluation

H. Gil Peach & Associates (Peach) conducted an impact assessment of Allegheny Power's Low Income Payment and Usage Reduction Program (LIPURP). Highlights of the evaluation are shown below.

- , **Limitations of evaluation.**
 - Comparisons. Comparison groups are not directly appropriate for evaluative comparisons. Incomes vary considerably between the participant and non-participant groups. Program participants' expenses

exceed their incomes (negative ability to pay) while most non-participants do not have a negative ability to pay situation. Finally, LIPURP removes the most payment-troubled customers from the comparison group and enrolls them in the program.

- Possible “Floor” effects. Allegheny Power’s residential rates are the lowest in the state. Allegheny Power’s rates compare to the CAP rates for Duquesne and PECO. Cases near the bottom or top of a statistical distribution may show some unusual qualities (floor and ceiling effects).

, **Basic findings.**

- Net cost per LIPURP participant is \$376 per year.
- Payments are affordable. In a year, only about 16% of participants default for nonpayment.
- Participants pay the variable cost of energy and contribute to fixed costs.
- LIPURP restores regular payment patterns.
- Participants maintain the same level of energy assistance grants. Non-participants’ grant levels decreased.
- Participants reduce their rate of arrearage growth.
- Participants do not increase energy usage.
- Administrative costs are higher for LIPURP than traditional collection costs. Limitations on data may be responsible for producing this finding as further explained below. Automatic certification and/or recertification costs could reduce administration costs.

, **Conclusions and Recommendations.**

Peach concludes that “On balance, LIPURP is a well designed, and well run pilot that accomplishes its basic design objectives. It should be continued.” Allegheny Power could reduce program costs by increasing the size of payments. However, percentage increases should be small. A discounted tariff could provide assistance and reduce costs. Allegheny Power should consider adding a new payment level for water heating customers. Peach also concludes that significant administrative savings are possible. Peach does not believe that its comparison of LIPURP with the costs of traditional collections shows the true costs of collecting residential customer debt using traditional methods. Allegheny Power did not have the data for Peach to determine the true costs of traditional collections. Peach prefers to determine collection costs by using actual budget categories that include support services, overhead, productivity factors, personnel costs, and collection costs. Because this information was not available, Peach counted collection events and identified costs for these events. Peach believes that without the

preferred data, the true collection costs are undercounted and thus the comparison between traditional collections and LIPURP is flawed. Peach also concludes that the program could potentially realize significant savings by adopting automated certification and/or recertification procedures.

**Appendix J - Table 1
CARES Programs
Electric Utilities**

Utility	Full-Time Utility or Contracted Staff Positions Assigned to CARES	Design Elements			
		Eligibility	Payment Arrangements	Home Visits	Participation Limit
Allegheny Power	3 Residential Customer Relations Specialists	1. Special needs* 2. Arrearage < \$750	1. Flexible payment arrangements	Yes	None
Duquesne	2 outreach workers (Goodwill Industry of Pittsburgh)	1. Terminated or 2. Special needs*	1. Budget Plus 2. Current Plus	Yes	None
GPU Energy	6 Customer Relations Representatives	1. Age 60 years or older or; 2. Disabled or; 3. Seriously ill or; 4. Change in payment history or; 5. Arrearage < \$800	1. Budget Plus	Yes	None
PECO Energy	Customer Consultants have absorbed the CARES responsibilities. The Program Coordinator handles special cases.	1. Special needs*	1. Budget Plus	Yes	None
Penn Power	1 Director - contract staff 1 Field Representative - contract staff	1. Temporary Special needs.*	1. Flexible payment arrangements.	Yes	None
PP&L	6 CARES Representatives	1. Special needs*	1. Flexible payment arrangements.	Yes	None
UGI-Electric	1 Residential Supervisor 2 Residential Customer Consultants (5% of time spent on CARES activities)	1. Special needs*	No	Yes	None

* Special needs includes medical problems, personal crisis or loss of income.

Appendix L - Table 2
CARES Programs
Gas Utilities

Utility	Full-Time Utility or contracted Staff Positions Assigned to CARES	Design Elements			
		Eligibility	Payment Arrangements	Home Visits	Participation Limit
Columbia	4 Customer Program Consultants	1. Special needs* 2. Short term crisis (18 months)	1. Budget Plus 2. Less than current bill (short term)	Yes	None
Equitable	1 Manager 3 Special Program Administrators 1 Special Needs Representative 3 Consumer Services Reps	1. Special needs* OR 2. Age 60 years or older 3. Income = 150% of poverty and payment troubled	1. Budget Plus. 2. Enrollment in Energy Assistance Program	Yes	None
NFG	2 Supervisors 4 Representatives 1 Part-time Representative	1. Special needs* 2. Negative ability to pay 3. Temporary financial hardships.	1. Budget Plus 2. Less than current bill	Yes	None
Peoples	2 CARES Representatives	1. Special needs* 2. Income = 200% of poverty	1. Limited payment arrangements	Yes	None
PG Energy	1 Part-time Community Relations Coordinator 3 Part-time Community Relations Representatives	1. Special needs* OR 2. Age 60 years or older	1. Budget Plus	Yes	None
TW Phillips	1 Part-time consultant 6 Customer Service Representatives	1. Special needs*	1. Budget Plus	Yes	None
UGI-Gas	3 Customer Outreach 4 Community Relations Coordinators	1. Special needs* 2. Negative ability to pay	1. Budget Plus	Yes	None

* Special needs includes medical problems, personal crisis or loss of income.

Appendix K

LIURP SPENDING				
	1995	1996	1997	Ten Year Total
Allegheny Power	\$1,103,101	\$812,439	\$568,966	\$8,847,030
Duquesne	\$644,928	\$778,460	\$742,033	\$6,854,256
Met-Ed	\$1,411,201	\$772,065	\$1,353,009	\$12,103,061
Penelec	\$1,081,240	\$652,372	\$861,646	\$9,109,833
Penn Power	\$149,900	\$162,500	\$153,800	\$1,488,307
PP&L	\$3,038,948	\$2,990,666	\$3,057,730	\$30,119,972
PECO*	\$2,500,000	\$3,300,000	\$3,119,853	\$31,729,853
UGI-Electric	\$110,695	\$102,726	\$62,787	\$697,442
Electric-Total	\$10,040,013	\$9,571,228	\$9,919,824	\$100,949,754
Columbia	\$1,228,323	\$1,324,439	\$1,206,201	\$9,654,488
Equitable	\$622,468	\$644,062	\$649,122	\$5,717,841
NFG	\$951,839	\$898,757	\$996,681	\$5,946,313
Peoples	\$643,089	\$678,224	\$674,852	\$6,644,661
PG Energy	\$313,804	\$305,302	\$293,182	\$2,887,207
TW Phillips	\$177,196	\$183,559	\$252,179	\$1,592,182
UGI-Gas	\$465,295	\$554,340	\$470,167	\$4,678,208
Gas-Total	\$4,402,014	\$4,588,683	\$4,542,384	\$37,120,900
Overall Total	\$14,442,027	\$14,159,911	\$14,462,208	\$138,070,654

* Combined electric and gas

Appendix L

LIURP Production Levels

	Heating Jobs				Water Heating Jobs				Baseload Jobs				Cumulative 10 Yr. Total
	1995	1996	1997	10 Yr. Total	1995	1996	1997	10 Yr. Total	1995	1996	1997	6 Yr. Total	
Allegheny Power	450	203	297	5,763	803	295	314	8,878	25	1	3	306	14,947
Duquesne	4	73	4	1,964	114	8	8	976	487	624	1,011	3,391	6,331
Met-Ed	341	302	405	5,957	590	296	315	4,639	96	62	233	599	11,195
Penelec	436	344	240	4,330	1,317	809	685	10,815	396	39	79	775	15,920
Penn Power	17	33	27	532	138	91	127	1,638	54	18	50	194	2,364
PP&L	1,815	1,849	1,965	20,203	263	249	202	5,181	738	543	427	2,104	27,488
PECO*	747	740	769	13,019	270	1,236	0	7,644	4,001	6,504	4,693	16,478	37,141
UGI-Electric	24	37	5	234	0	0	0	12	43	29	13	124	370
Electric-Total	3,834	3,581	3,712	52,002	3,495	2,984	1,651	39,783	5,840	7,860	6,509	23,971	115,756
Columbia	350	375	298	2,803									2,803
Equitable	164	181	194	1,473									1,473
NFG	228	232	244	2,004									2,004
Peoples	224	222	225	2,514									2,514
PG Energy	159	143	138	1,693									1,693
TW Phillips	45	41	42	675									675
UGI-Gas	132	221	179	1,837									1,837
Gas-Total	1,306	1,415	1,320	12,999									12,999
Overall Total	5,140	4,996	5,032	65,001	3,495	2,984	1,651	39,783	5,840	7,860	6,509	23,971	128,755

* Combined electric and gas

Appendix M

Utility Hardship Funds

Company	Hardship Fund Name
Allegheny Power	Dollar Energy Fund
Duquesne	Dollar Energy Fund
Met-Ed	Project Good Neighbor
PECO*	Matching Energy Assistance Fund (UESF and others)
Penelec	Project Good Neighbor
Penn Power	Project Reach
PP&L	Operation Help
Columbia	Dollar Energy Fund (Western PA.) Project Warm-up (Central PA.)
Equitable	Dollar Energy Fund
NFG	Neighbor for Neighbor
Peoples	Dollar Energy Fund
PG Energy	Project Outreach
T.W. Phillips	Dollar Energy Fund
UGI*	Operation Share
PAWC	Dollar Energy Fund

* Includes electric and gas

Appendix N

1995-97 PUC Consumer Advisory Council

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Appendix O

1996-1997 Pennsylvania Relay Service Advisory Board

Mr. Donald R. Lurwick, Chairman
PA Society for Advancement of the Deaf
P.O. Box 27055
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Self-Help for Hard of Hearing
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Self-Help for Hard of Hearing
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A.T. & T. PA Relay Center
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Appendix P-3

1990 Census Pennsylvania Counties Households, Income, and Poverty

County	Total No. of Households	Median Household Income	% and # of Households Below Poverty	
Pennsylvania	4,495,966	\$29,069	11.58	520,633
Adams	28,067	\$30,210	6.87	1,927
Allegheny	541,261	\$22,623	12.41	67,176
Armstrong	28,309	\$22,372	13.37	3,785
Beaver	71,939	\$23,962	13.64	9,810
Bedford	18,038	\$21,591	14.33	2,584
Berks	127,649	\$31,712	8.32	10,616
Blair	50,332	\$22,890	14.61	7,355
Bradford	22,492	\$23,977	13.70	3,081
Bucks	190,507	\$42,867	4.41	8,403
Butler	55,325	\$28,860	10.70	5,919
Cambria	62,004	\$21,309	15.19	9,417
Cameron	2,395	\$20,775	12.65	303
Carbon	21,989	\$25,103	10.88	2,392
Centre	42,683	\$25,873	17.77	7,586
Chester	133,257	\$42,215	4.61	6,136
Clarion	14,990	\$21,750	18.11	2,715
Clearfield	29,808	\$21,513	14.93	4,450
Clinton	13,844	\$21,954	15.03	2,081

County	Total No. of Households	Median Household Income	% and # of Households Below Poverty	
Pennsylvania	4,495,966	\$29,069	11.58	520,633
Columbia	23,478	\$23,984	11.23	2,636
Crawford	32,185	\$22,749	14.98	4,822
Cumberland	73,452	\$34,119	5.80	4,258
Dauphin	95,264	\$30,593	10.35	9,857
Delaware	201,374	\$36,901	7.51	15,121
Elk	13,131	\$24,392	11.77	1,545
Erie	101,564	\$26,331	12.94	13,139
Fayette	56,110	\$18,939	21.05	11,811
Forest	1,908	\$19,309	13.21	252
Franklin	45,675	\$28,566	8.56	3,911
Fulton	5,139	\$23,421	14.03	721
Greene	14,624	\$19,704	21.59	3,157
Huntingdon	15,527	\$23,058	14.38	2,232
Indiana	31,710	\$22,454	18.53	5,875
Jefferson	17,608	\$21,727	14.93	2,628
Juniata	7,598	\$25,328	10.70	813
Lackawanna	84,528	\$24,339	12.41	10,487
Lancaster	150,956	\$33,013	7.37	11,132
Lawrence	36,350	\$22,142	14.01	5,094
Lebanon	42,688	\$29,443	7.64	3,260
Lehigh	112,887	\$32,268	7.67	8,658
Luzerne	128,483	\$23,343	12.77	16,413
Lycoming	44,949	\$25,254	12.09	5,436
McKean	17,837	\$23,021	15.04	2,682
Mercer	45,591	\$24,133	13.17	6,002
Mifflin	17,697	\$22,667	14.01	2,480

County	Total No. of Households	Median Household Income	% and # of Households Below Poverty	
			%	#
Pennsylvania	4,495,966	\$29,069	11.58	520,633
Monroe	34,206	\$32,572	7.47	2,556
Montgomery	254,995	\$43,204	4.24	10,804
Montour	6,543	\$27,210	8.05	527
Northampton	90,955	\$32,416	7.72	7,023
Northumberland	38,736	\$21,941	13.29	5,148
Perry	14,949	\$29,692	7.83	1,170
Philadelphia	603,075	\$23,941	19.51	117,683
Pike	10,536	\$30,265	7.33	772
Potter	6,246	\$21,380	15.98	998
Schuylkill	60,773	\$22,640	12.84	7,804
Snyder	12,764	\$26,097	10.58	1,350
Somerset	29,574	\$21,524	15.06	4,455
Sullivan	2,280	\$20,112	17.24	393
Susquehanna	14,898	\$24,269	13.24	1,973
Tioga	14,974	\$22,542	14.37	2,151
Union	11,689	\$27,552	9.30	1,087
Venango	22,408	\$22,463	14.17	3,176
Warren	17,244	\$26,021	9.71	1,675
Washington	78,533	\$25,251	13.83	10,859
Wayne	14,638	\$24,761	11.67	1,708
Westmoreland	144,080	\$25,307	12.02	17,318
Wyoming	10,002	\$27,038	12.17	1,217
York	128,666	\$32,322	6.70	8,620

Consumer Access to the Public Utility Commission

The Pennsylvania Public Utility Commission provides access to consumers through several toll free telephone numbers:

Consumer Education Hotline: 1-800-PUC-8685

Termination Hotline: 1-800-692-7380

Complaint Hotline: 1-800-782-1110

Electric Competition Hotline: 1-888-782-3228

General Information Line: 717-783-1740 (not toll free)

(Consumers can also reach the Commission by mail at the following address:

Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg PA 17105-3265

(Information about the PA PUC is available on the following Internet site:

www.puc.paonline.com

(Information about electric choice is available on the following Internet site:

www.electrchoice.com