



Utility Consumer Activities Report and Evaluation

Pennsylvania Public Utility Commission



The Pennsylvania Public Utility Commission



Front row, left to right: Chairman Wendell F. Holland, Commissioner Kim Pizzigrilli and Vice Chairman James H. Cawley. Back row: Commissioner Tyrone J. Christy.

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1. Consumer Contacts to 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 deciding and reporting on customer complaints. In order to fulfill its mandates, BCS began investigating and writing decisions on utility consumer complaints and service termination cases in April 1977. Since then BCS has investigated 1,340,778 cases (consumer complaints and payment arrangement requests) and has received 1,053,157 opinions and requests for information (inquiries). BCS received 70,690 utility customer contacts that required investigation in 2006. It is important to note that more than sixty percent of these customer complaints had been appropriately handled by the subject utilities before the customers brought them to BCS. In these instances, the Commission has upheld the utility's actions.

Case Handling

The handling of utility complaint cases is the foundation for a number of BCS's 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, 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 BCS with a complaint or payment arrangement request (PAR), BCS notifies the utility that a complaint or PAR has been filed. The vast majority of consumers contact BCS by telephone using BCS's toll free numbers. In 2006, slightly more than ninety-five percent of informal complaints were filed by telephone. The utility sends 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 Policy Division then examines the case and, among other things, classifies the complaint into one of seven major problem areas as well as one of more than 100 specific problem categories. This case information is entered into the Consumer Services Information System database. The analysis from case information is used by 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, BCS surveys those customers who have contacted the BCS with a utility-related problem or request for a payment arrangement. The purpose of the survey is to collect information from the consumer's perspective about the quality of BCS's complaint handling service. BCS mails a written survey form to a sample of consumers who have been served by BCS staff.

Prior to 2005, BCS produced survey results by fiscal year, July 1 through June 30. Beginning January 2006, BCS revised its procedures and began tabulating results by

calendar year. To accommodate this change, last year’s report compared survey results from the 2004-05 fiscal year with survey results from the second half of 2005. As the results for all of calendar year 2005 are not available, the survey results reported in the table that follows compare the results from the second half of 2005 with those of calendar year 2006. In next year’s report, BCS will be able to present results from calendar years 2006 and 2007.

Consumer Rating of the BCS’s Service

How would you rate the service you received from the PUC (BCS)?	July-December 2005*	January-December 2006
Excellent	55%	58%
Good	23%	21%
Fair	13%	12%
Poor	9%	9%

* Survey results for all of 2005 are not available.

The 2006 results show that 78 percent of consumers felt BCS handled their complaint either “very quickly” or “fairly quickly.” In addition, 85 percent of consumers said that the information the Commission gave them about the outcome of the problem was either “very easy to understand” or “fairly easy to understand.” Further, 92 percent of consumers indicated that the BCS staff person who took their call was either “very polite” or “fairly polite,” and 90 percent described the BCS contact person as “very interested” or “fairly interested” in helping with the problem. Over 82 percent of consumers reported that they would contact the Commission again if they were to have another problem with a utility that they could not settle with the company.

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

Databases

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

The majority of the data presented in this report is from BCS’s CSIS. In addition, this report includes statistics from the BCS’s Collections Reporting System (CRS), Local Exchange Carrier Reporting System (LECRS) and Compliance Tracking System (CTS). Both the CRS (for electric and gas) and the LECRS (for telephone) provide valuable resources 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 apparent infractions attributable to the major utilities.

Distinctions Among 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 database. Although BCS's regulatory authority has largely been confined to residential accounts, the Bureau handled 2,433 cases from commercial customers in 2006. Of these cases, 434 were related to loss of utility service and 1,999 were consumer complaints. With respect to the 434 cases, BCS does not make payment arrangements for commercial accounts. Due to its limited jurisdiction, BCS does not issue decisions regarding commercial disputes. Instead, Bureau investigators give commercial customers information regarding the company position or attempt to mediate a mutually acceptable agreement regarding the disputed matter. All 2006 cases that involved commercial accounts were deleted from the analyses in subsequent chapters of this report. The table below shows the vast majority of cases handled by BCS in 2006 involved residential utility service.

Total Volume of Consumer Complaints and Payment Arrangement Requests to the BCS in 2006

Industry	Consumer Complaints		Payment Arrangement Requests	
	Residential	Commercial	Residential	Commercial
Electric	4,232	605	25,046	225
Gas	5,966	623	18,273	177
Water	1,105	134	3,499	17
Telephone	7,970	636	2,120	13
Other	38	1	8	2
Total	19,311	1,999	48,946	434

Generally, customer contacts to BCS fall into three basic categories: consumer complaints, requests for payment arrangements and inquiries. BCS 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 BCS.

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 Standards and Billing Practices for Residential Utility Service and/or Chapter 14, Responsible Utility Customer Protection Act (66 Pa.C.S. §§ 1401-1408). For the telephone industry, most of the cases found in the consumer complaint category deal with matters covered by 52 Pa. Code, Chapter 64, Standards and Billing Practices for Residential Telephone Service and Chapter 63 regulations for telephone service. 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* 2005-06

Industry	2005	2006	% Change
Electric	5,350	4,837	-10%
Gas	6,760	6,589	-3%
Water	1,428	1,239	-13%
Telephone	9,036	8,606	-5%
Other	16	39	144%
Total	22,590	21,310	-6%

* Table includes both residential and commercial consumer complaints.

During 2006, electric and gas utilities accounted for 23 percent and 31 percent, respectively, of all consumer complaints investigated by BCS. Water utilities accounted for six percent of consumer complaints while telephone utilities were the subject of 40 percent 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, 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. This approach focuses strictly on the regulatory aspect of the complaint and evaluates utilities negatively only where, in the judgment of BCS, appropriate complaint handling procedures were not followed or applicable regulations were not properly applied by the utility. 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 Commission Orders, regulations, reports, Secretarial Letters, tariffs, etc.

Classification of Consumer Complaints

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

BCS has categorized the 2006 residential consumer complaints into 13 categories for each of the electric, gas, and water utilities and into 11 categories for each of the telephone utilities. Tables that show the percent of complaints in each category in 2006 appear in each industry chapter. The percentages shown in the tables are for all of the cases that residential consumers filed with BCS, not just the cases that are determined to be justified in coming to BCS. BCS analyzes the categories that generate complaints or problems for customers, even if the utility records indicate that the utility followed Commission procedures and guidelines in handling the complaint. BCS often discusses its findings with individual utilities so they 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 C show the actual number of cases that fell into each category in 2006.

Payment Arrangement Requests

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

- Suspension/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 BCS from individual customers. As with consumer complaints, almost all customers had already contacted the utility prior to their contact to BCS. During 2006, BCS handled 49,380 requests for payment arrangements from customers of the utilities under the Commission's jurisdiction.

On Nov. 30, 2004, Gov. Edward G. Rendell signed into law Senate Bill 677 now known as Act 201. This act went into effect on Dec. 14, 2004. The Act amended Title 66 by adding Chapter 14 (66 Pa.C.S. §§ 1401-1418), Responsible Utility Customer Protection Act. The legislation is applicable to most of the electric, gas and water companies in Pennsylvania.

This new statute supersedes parts of Chapter 56 Standards and Billing Practices for Residential Utility Service provisions such as winter termination rules, termination procedures, credit, deposits, reconnection of service and Commission payment arrangements. This report is the second report on consumer complaint and PAR activity

under this law. The first full calendar year in which the new statute was in effect was 2005. BCS viewed 2005 as a transitional year. Since that time, the Commission issued its First Biennial Report to the General Assembly and the Governor reviewing the implementation of Chapter 14. In addition, the Commission approved an advance notice of proposed rulemaking order inviting comment on the impact of Chapter 14 on Chapter 56. (The rulemaking is not restricted to just Chapter 14 issues; it also encourages comment on how the Commission should incorporate technological advances such as electronic billing and payment, the Internet and email into the regulations.) The Commission will review the comments and draft proposed regulations for publication and further comment.

As a result of Chapter 14, the volume of PARs handled by the Commission has significantly decreased. Overall, PARs from electric, gas and water customers declined 20 percent from 2005 to 2006. PAR volume declined by 35 percent from 2004 to 2005. In 2006, the Commission turned away more than 7,000 customers who were deemed ineligible for a Commission-issued payment arrangement under Chapter 14.

The Commission strives to implement Chapter 14 in a manner that will allow it to achieve the policy goals of increasing utility account collections and to avoid the passing along of bad debt costs to paying consumers. At the same time, the Commission works to implement Chapter 14 as fairly as possible to help ensure that service remains available to all customers on reasonable terms and conditions. The Commission is dedicated to using a collaborative process that takes into account the needs of both utilities and consumers and gives all parties an opportunity to participate in these efforts.

Payment Arrangement Requests by Industry 2005-06

Industry	2005	2006	% Change
Electric	29,826	25,271	-15%
Gas	24,183	18,450	-24%
Water	4,985	3,516	-29%
Telephone	2,680	2,133	-20%
Other	9	10	11%
Total	61,683	49,380	-20%

* Table includes both residential and commercial PARs.

As in past years, the majority of requests for payment arrangements in 2006 involved electric or gas companies. Fifty-one percent of the PARs (25,271 cases) were from electric customers and 37 percent (18,450 cases) were from gas customers. Also, seven percent of PARs (3,516 cases) came from customers of various water utilities. Only four percent of PARs (2,133) came from telephone customers.

Inquiries and Opinions

During 2006, BCS and its call centers received 90,940 customer contacts that, for the most part, required no follow-up investigation beyond the initial contact. BCS classified these contacts as “inquiries.” The inquiries for 2006 include contacts to the Competition Hotline as well as contacts to BCS using other telephone numbers, mail service and email communication. Further discussion of the Competition Hotline appears later in this chapter.

In large part, the inquiries in 2006 involved terminations or suspensions of service. BCS also classifies certain requests for payment arrangements as inquiries. For example, BCS does not issue payment decisions on requests to restore or avoid suspension/termination of toll or nonbasic telephone service. When consumers call with these problems, BCS classifies these requests 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 account, BCS does not open a new PAR case. In these instances, BCS classifies the customer’s contact as an inquiry.

As in past years, BCS has also 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 complaints that were found to be duplicates, informal complaints filed against the wrong company, informal complaints that BCS handled in spite of the fact that customers had not previously contacted their companies about their problems, and cases that the investigators verbally dismissed. In all, these 281 cases accounted for less than 1 percent (0.3) of inquiries in 2006.

BCS is able to expand its list of reasons for contact as customers’ reasons grow and change. Currently, the list includes 69 reasons for contact from consumers. Possible actions by 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 of the Commission. If the contact requires further action, the intake staff refers the contact to a BCS investigator, and thus the contact becomes a consumer complaint or a payment arrangement request. The following table shows the various reasons for contact for the 2006 inquiries.

Categories of 2006 Inquiries

Reason for Contact	Number	Percent
Termination or suspension of service	24,118	27%
Billing dispute	12,481	14%
Unable to open new PAR - service on	7,154	8%
Rate Protest	5,412	6%
CAP review - declined	5,301	6%
PUC has no jurisdiction	5,120	6%
Request for general information	4,322	5%
Competition issues and requests for information	3,770	4%
Application/deposit issue	3,077	3%
People-delivered company service	2,223	2%
Service (company facilities)	1,368	2%
Rate Complaint	690	<1%
Unable to open new PAR - service off	582	<1%
Slamming	150	<1%
Weather outage	104	<1%
Cramming	51	<1%
Other miscellaneous reasons	4,994	5%
Reason for contact is not available	10,023	11%
Total	90,940	100%

Calls to the Commission's Competition Hotline

In 2006, the Commission's call center employees used BCS's computerized information system to record information from the consumer contacts about electric and gas competition. The statistics show that 68 percent of contacts about electric and gas competition are related to the restructuring of the electric industry while 32 percent concern the gas industry.

In 2006, call center employees recorded information from 3,432 consumer contacts about competition in the energy industries. Many calls came from consumers who called about various issues associated with the choice programs of the Electric Distribution Companies (EDCs) and the Natural Gas Distribution Companies (NGDCs). However, most frequently consumers called to request competition-related brochures and to seek information about competition in general (53 percent of all contacts).

In most instances, BCS classified the contacts to the Competition Hotline as inquiries because they required no investigation or follow-up. The BCS or call center staff person took care of the consumer's request or question at the initial contact. However, some consumer contacts required further investigation and possibly action to resolve the

consumer's concerns. In these cases, BCS more appropriately classified the contacts as consumer complaints and BCS staff investigated the consumer's problem. In 2006, billing disputes related to competition produced the largest volume of competition-related consumer complaints. In prior years, BCS investigated a number of consumer complaints in which consumers alleged they were assigned to an electric or gas supplier without their consent or knowledge (slamming). In 2006, the BCS investigated 17 allegations of electric slamming. There were no allegations of slamming in the gas industry. Appendix B-1 explains the types of competition complaints BCS handles.

During the early phases of electric and gas competition, BCS expected it would receive consumer complaints associated with the transition to customer choice. As expected, many customers experienced a variety of problems as they began choosing electric and gas suppliers. BCS found that, after investigating these complaints, it was often difficult to determine who was at fault in causing the complaint. Thus, BCS decided that it would be unfair to include competition complaints with consumer complaints about other issues when it calculates the performance measures it uses to evaluate and compare companies within the electric and gas industries. BCS continues this practice in 2006. Therefore, BCS excluded 21 competition-related complaints from the data set used to prepare the tables in the electric industry chapter and 93 such complaints in the gas industry chapter.

Residential Consumer Complaints Not Included in Industry Chapters

Traditionally, the primary focus of BCS's review of utilities' complaint handling has been on the performance of the major electric, gas, water and telephone utilities. However, for the past several years, BCS has included a limited amount of complaint information for the non-major utilities and the other service providers in the UCARE. In 2006, BCS experienced a decrease in the overall number of residential consumer complaints, including complaints about the non-major utilities. For the second year in a row, fewer customers sought BCS's assistance in solving problems with the many providers of utility service in Pennsylvania. This section presents information about the residential consumer complaints that are not included in the industry chapters that follow.

In 2006, BCS staff investigated consumer complaints about a variety of problems that consumers were having with the non-major companies under the Commission's jurisdiction. For example, BCS investigated complaints related to competition issues. However, the vast majority of complaints not included in the industry chapters involved billing disputes.

Residential consumer complaints related to people-delivered service or service (company facilities) generated the next highest volume of complaints to BCS from customers of the non-major electric, gas and telephone companies. These types of service complaints accounted for 12 percent of the residential consumer complaints about the non-major companies in the gas industry. BCS recorded only one residential consumer complaint about service for the non-major electric companies. However, 19 percent of the complaints about the non-major telecommunications companies in 2006 involved service-related issues.

With respect to slamming, the Commission has stated clearly, it "...will have zero tolerance for slamming by any means and in any form." The Commission views customer slamming as among the most serious violations of consumer regulations. In 2006, BCS

received four residential consumer complaints alleging slamming against major electric distribution companies and one residential consumer complaint about slamming against an electric generation supplier. There were no residential slamming consumer complaints about the non-major electric distribution companies and none about the gas industry. In the telephone industry, Bureau staff investigated a total of 33 allegations of slamming from residential customers against the non-major companies in 2006.

BCS uncovered a variety of problems facing utility consumers related to customer choice in the electric, gas and telephone industries in 2006. As in previous years, given the complex nature of these problems in the electric and gas industries and the difficulty in determining who is at fault (the incumbent provider or the new provider), BCS excluded many of these complaints from its evaluation of the major utilities in the electric and gas industry chapters that follow. However, beginning with the 2003 report, BCS included competition-related complaints for the telephone industry. As a result, the analysis in Chapter 6 includes these types of complaints about the eight largest local telephone companies.

Appendix A presents a summary of the residential consumer complaints that are not included in the electric, gas and telephone chapters that follow. The table lists the non-major companies having five or more residential consumer complaints in 2006. A brief discussion of the complaints filed against small water companies appears in the water industry chapter.

Informal Compliance Process and Infractions

BCS's primary compliance effort remains its informal compliance process. This process gives each utility specific examples of apparent infractions of Chapters 14, 56, 63 and 64. The informal compliance process uses consumer complaints to identify, document and notify utilities of apparent deficiencies. The utilities can use the information to pinpoint and voluntarily correct deficiencies in their customer service operations. The process begins by 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, BCS expects the utility to take action to correct the problem or address any deficiencies that led to the infraction. Corrective actions may entail: modifying a computer program; revising company procedures or the text of a notice, bill or letter; or providing additional staff training to ensure the proper use of a procedure.

If the utility states the information is inaccurate, it needs to provide specific details and supporting data to disprove the allegation. 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, 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 the information forming the basis of the allegation is accurate or if BCS does not find the data supports the utility's position that the information is inaccurate, 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 14, 56, 63 or 64 provisions and the policies of the Commission and BCS.

The significance of apparent 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 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, 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. BCS encourages utilities to continue this activity and share their findings with Bureau staff.

2. Performance Measures

For the most part, BCS 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 BCS. 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 at §56.231(8), while telephone termination statistics are drawn from reports required by Chapter 64 at §64.201(7).

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

Consumer Complaint Rate

The calculation of consumer complaint rate (consumer complaints per 1,000 residential customers) permits the reader to make comparisons among utilities of various sizes. BCS has found 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, since many of the complaints in the consumer complaint rates are not "justified," BCS considers the "justified consumer complaint rate" (justified consumer complaints per 1,000 residential customers) to be a clear indication of a utility's complaint handling performance.

Justified Consumer Complaint Rate

BCS 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 BCS. 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 Commission Orders, policies, regulations, reports, Secretarial Letters or tariffs in reaching its final position. In the judgment of BCS, a case that is "justified" is a clear indication the company did not handle a dispute properly or effectively, or, in handling the dispute, the company violated a rule, regulation or law.

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

BCS 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 may indicate areas where 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 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, BCS compares the “justified” rates of individual utilities and industries over time and investigates significant changes when they occur. In the chapters that follow, 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 BCS with a complaint about a utility, the utility is notified. The utility then sends BCS its records of its contact with the customer regarding the complaint. Response time is the time span in days from the date of BCS’s first contact with the utility regarding a complaint, to the date on which the utility provides BCS with its report regarding the complaint. Response time quantifies the speed of a utility’s response to BCS informal complaints. In the following chapters, response time is presented as the average number of days that each utility took to supply BCS with its utility reports in response to consumer complaints.

Payment Arrangement Request Rate

BCS 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, or they may be indicative of problems. BCS views such variations as potential areas for investigation. Improved access to BCS is one factor influencing the number of consumers who are able to contact BCS about payment arrangements.

Justified Payment Arrangement Request Rate

Just as with consumer complaints, once a customer contacts BCS with a payment arrangement request, BCS notifies the utility. The company sends a report to BCS that details the customer’s 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 Policy Division reviews the record to determine if the utility negotiated properly with the customer and uses this record to determine the outcome of the case. This approach evaluates companies negatively only when BCS finds appropriate payment negotiation procedures were not followed or where the regulations have been misapplied. 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 Commission regulations, reports, Secretarial Letters, tariffs or guidelines.

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. BCS 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 numbers of justified PARs per 1,000 residential customers. BCS monitors the justified PAR rates of the major utilities. For example, BCS compares the "justified" rates of individual utilities and industries over time and investigates significant changes when they occur. In the chapters that follow, BCS compares the PAR rates and the justified PAR rates of the major utilities within the electric, gas, water and telephone industries. Because 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 statistically valid subset of the cases that came to BCS.

Response Time to Payment Arrangement Requests

Once a customer contacts BCS with a request for payment terms, BCS notifies the utility. The utility then sends 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 number of days from the date BCS first contacts the utility regarding a PAR to the date on which the utility provides BCS with its utility report so that BCS is able to issue payment terms, resolve any other issues raised by the customer and determine whether the customer was justified in seeking a payment arrangement through BCS. Response time quantifies the speed of a utility's response to BCS payment arrangement requests. In the following chapters, response time is presented as the average number of days that each utility took to supply BCS with its utility report.

In 1999, BCS made changes in the case processing of certain payment arrangement requests. These procedural changes made it necessary for BCS to revise its method of calculating response time to PARs for the electric, gas and water industries. BCS calculates response time for the major electric, gas and water companies using only their responses to payment arrangement requests from customers whose service has been terminated, who have a dispute with the company, or who have previously had a BCS payment arrangement for the amount that they owe.

Response time to PARs for the telephone companies is calculated in the same manner as it has been in prior years. In Chapter 6, response time for the major local exchange carriers is the average number of days that each telephone company took to supply BCS with a utility report for all categories of payment arrangement requests.

Infraction Rate

During 2006, 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, BCS has calculated a measure called "infraction rate." The infraction rate is the number of informally verified infractions for each 1,000 residential customers. 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 its 1997 report.

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. Second, 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 2006 is calculated using BCS's Compliance Tracking System (CTS) data as of July 2007. The 2006 trends may change if the total number of infractions increases. This would occur if new infractions are discovered from customer complaints that originated in 2006, but were still under investigation by BCS 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. BCS will update the number of infractions found on 2006 cases in the report on 2007 complaint activity. Infraction rates for each major electric, gas, and water utility company are shown for 2004, 2005 and 2006 in upcoming chapters. Chapter 6 presents infraction rates for 2004 and 2006 for each major telephone utility. Due to staffing limitations in 2005 and 2006, BCS was not able to fully implement its infraction tracking process for 2005 telephone cases. Appendix F shows detailed information about the infractions BCS gleaned from its review of the 2006 consumer complaints and payment arrangement requests. The information presented in Appendix F is a new addition to the UCARE. It shows the infractions of Chapters 56 and Chapter 14 for the major electric, gas and water companies and the infractions of Chapters 63 and 64 for the major telephone companies.

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. BCS views termination of utility service as a utility's last resort when customers fail to meet their payment obligations. The calculation of the termination rate allows the reader to compare the termination activity of utilities with differing numbers of residential customers. The termination rate is the number of service terminations for each 1,000 residential customers. Any significant increase in the termination rate would indicate a trend or pattern 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

BCS made changes to the presentation of the data in the industry chapters that follow. In this report, BCS presents data tables rather than charts to depict the performance of each of the major electric, gas, water and telephone utilities. The tables present the data alphabetically by company name. Each chapter includes tables that show the consumer complaint rate and the justified consumer complaint rate of each major utility. Also included in the industry chapters are tables that show the prior year's justified consumer complaint rates and the justified payment arrangement request rates for each of the major utilities. The tables also reflect the average rates of the major utilities within the industry for each of these measures. In addition, each industry chapter presents tables that show infraction rates for the major utilities, response times to consumer

complaints and payment arrangement requests, and the termination rates for the major electric, gas and telephone utilities.

It is important to note that the electric and gas industry chapters present only data from those utilities that have more than 100,000 residential customers. In the water industry chapter, data for the "Class A" water utilities that have less than 100,000 residential customers are presented together as a whole. The telephone chapter presents data from those local service providers serving more than 50,000 residential customers.

BCS has found that the inclusion of statistics for the smaller utilities can skew the average of industry statistics in ways that do not fairly represent industry performance. For this reason, BCS has excluded the statistics involving UGI-Electric when it calculated the 2005 and 2006 averages for the electric industry. As in prior years, statistics for UGI-Electric are included in the appendices of this report. In this year's report, BCS did not include data for AT&T Local in Chapter 6 because AT&T Local served fewer than 50,000 residential customers in 2006. BCS has included statistics for AT&T Local in the appendices since AT&T Local was a major provider of local telephone service in 2005, serving more than 50,000 residential customers at that time. As with UGI-Electric, BCS excluded AT&T Local's statistics when it calculated the 2006 averages for the telephone industry's performance measures that appear in Chapter 6.

Universal Service and Energy Conservation Programs

The Commission has a long history of involvement in universal service and energy conservation programs that help utility consumers obtain and keep service and conserve energy. At the end of the water and telephone chapters that follow, readers will find highlights of the water and telephone programs that the Commission has supported and encouraged, not only in 2006, but in prior years as well.

The Commission's Bureau of Consumer Services monitors and evaluates the Universal Service and Energy Conservation programs of the electric and gas companies. The Commission's goal in monitoring these programs is to help the Commission fulfill its oversight responsibilities by increasing the effectiveness of utility collections while protecting the public's health and safety.

The electric and gas 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. BCS's reporting on these programs is no longer included in this report.

In August 2007, the Commission released the seventh annual report on Universal Service Programs and Collections Performance. BCS prepared the report which presents 2006 universal service and collections data for the major electric and natural gas distribution companies. The report is available on the Commission's Web site at http://www.puc.state.pa.us/general/publications_reports/pdf/EDC_NGDC_UniServ_Rpt2006.pdf.

3. Electric Industry

In 2006, the Commission had jurisdiction over 16 electric distribution companies (EDCs). However, the majority of the consumer complaints and payment arrangement requests involving the electric industry were from residential customers of the seven largest EDCs: Allegheny Power (Allegheny); Duquesne Light Company (Duquesne); Metropolitan Edison (Met-Ed) – a FirstEnergy Company; PECO Energy (PECO); Pennsylvania Electric (Penelec) – a FirstEnergy Company; Pennsylvania Power Company (Penn Power) – a FirstEnergy Company; and PPL Utilities Inc. (PPL). This chapter will focus exclusively on those seven companies. Most of the complaints and payment arrangement requests dealt with matters covered under 52 Pa. Code, Chapter 56 Standards and Billing Practices for Residential Utility Service or 66 Pa. C.S.A. Chapter 14 Responsible Utility Customer Protection. 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 statistics in the tables on the pages that follow depict the performance of each of the seven major electric utilities in 2006. The tables in the appendices also include UGI-Electric, a major EDC with fewer than 100,000 residential customers. BCS investigated complaints in 2006, which were generated as a result of the Electric Choice programs that allowed customers to choose an electric generation supply company. However, as mentioned in the first chapter, BCS removed these complaints from the database it used to prepare the tables on consumer complaints and payment arrangement requests. Appendices C-F present statistics on the performance of the seven largest EDCs and UGI-Electric in 2005 and 2006.

Consumer Complaints

During 2006, BCS handled 4,214 consumer complaints from residential customers of the various electric distribution companies (EDCs) and 18 consumer complaints from residential customers of electric generation supply companies. Of these residential complaints, 98 percent (4,155) were from customers of the seven largest EDCs. For the analyses in this chapter, BCS excluded a total of 21 consumer complaints about the major EDCs that involved competition issues.

Consumer Complaint Categories

After a BCS investigator closes a consumer complaint, the BCS Policy Division reviews the complaint, categorizes it into a specific problem category and enters it into BCS's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 2006 complaints from residential customers of the seven largest EDCs in each of the 13 categories used by the BCS policy division 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 2006.

Consumer Complaint Categories: 2006 Major Electric Distribution Companies

Categories	Allegheny Power	Duquesne	Met-Ed	PECO+	Penelec	Penn Power	PPL	Electric Majors
Service Interruptions	8%	8%	25%	22%	13%	6%	13%	15%
Credit and Deposits	32%	29%	11%	5%	8%	20%	6%	14%
Billing Disputes	9%	10%	19%	14%	11%	9%	23%	14%
Metering	12%	4%	12%	4%	16%	14%	17%	10%
Service Quality	4%	5%	5%	20%	3%	9%	5%	9%
Discontinuance/Transfer	5%	6%	6%	6%	6%	11%	13%	7%
Personnel Problems	4%	14%	4%	8%	6%	0%	4%	7%
Damages	8%	5%	4%	7%	12%	11%	4%	6%
Scheduling Delays	3%	3%	3%	9%	5%	6%	2%	5%
Service Extensions	7%	3%	6%	1%	13%	3%	3%	4%
Other Payment Issues	1%	3%	1%	3%	5%	9%	6%	4%
Rates	<1%	1%	2%	<1%	1%	0%	1%	1%
All Other Problems	7%	10%	3%	1%	2%	3%	1%	4%
Total-Percent*	100%	101%	101%	100%	101%	101%	98%	100%
Total-Number**	231	252	159	460	130	35	267	1,534

* Columns may total more or less than 100 percent due to rounding.

** Based on residential complaints evaluated by BCS as of May 25, 2007.

+ PECO statistics include electric and gas.

- Categories are for all residential complaints filed with BCS, whether or not they were found to be justified. See Appendix B-1 for an explanation of complaint categories and Appendix C-1 for the number of cases in each category.
- In 2006, service interruptions accounted for 15 percent of the consumer complaints about the major EDCs, 14 percent were about credit and deposits and 14 percent were billing disputes. These three categories accounted for 43 percent of consumer complaints about the major EDCs.

2006 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Electric Distribution Companies

Company	Consumer Complaint Rate	Justified Consumer Complaint Rate
Allegheny Power	0.74	0.13
Duquesne	0.93	0.11
Met-Ed	0.62	0.20
PECO*+	1.49	0.45
Penelec	0.47	0.12
Penn Power	0.42	0.09
PPL*	0.44	0.06
Average	0.73	0.17

* Justified Consumer Complaint Rate based on a probability sample of cases.

+ PECO statistics include electric and gas.

- 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 EDCs, the average of the consumer complaint rates is more than four times greater than the average of the justified consumer complaint rates.
- Appendix D, Table 1 presents the number of consumer complaints and justified consumer complaints for each major EDC in 2005 and 2006.

2005-06 Justified Residential Consumer Complaint Rates Major Electric Distribution Companies

Company	2005	2006
Allegheny Power	0.22	0.13
Duquesne	0.13	0.11
Met-Ed	0.25	0.20
PECO*+	0.57	0.45
Penelec	0.20	0.12
Penn Power	0.19	0.09
PPL*	0.09	0.06
Average	0.24	0.17

* Based on a probability sample of cases.

+ PECO statistics include electric and gas.

- 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 distribution companies decreased from 0.24 in 2005 to 0.17 in 2006.
- Of the seven major EDCs, five have justified consumer complaint rates that are lower than the industry average, one EDC has a rate just slightly higher than the industry average and one EDC's justified consumer complaint rate is significantly higher than the 2006 industry average.
- Appendix D, Table 1 presents the number of justified consumer complaints for each major EDC in 2005 and 2006.

2005-06 Response Time to BCS Residential Consumer Complaints Major Electric Distribution Companies

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Allegheny Power	12.6	20.1	7.5
Duquesne	23.2	20.8	-2.4
Met-Ed	15.7	14.2	-1.5
PECO*+	13.0	13.7	0.7
Penelec	14.9	15.0	0.1
Penn Power	12.8	8.4	-4.4
PPL*	25.2	23.9	-1.3
Average	16.8	16.6	-0.2

* Based on a probability sample of cases.

+ PECO statistics include electric and gas.

- Overall, the average response time was relatively stable from 2005 to 2006.
- Penn Power had the shortest consumer complaint response time in 2006 at 8.4 days while PPL had the longest at 23.9 days.

Payment Arrangement Requests

In 2006, BCS handled 25,040 payment arrangement requests (PARs) from residential customers of the EDCs and six PARs from residential customers of electric generation suppliers. Ninety-eight percent (24,583) of the residential PARs were from customers of the seven largest EDCs. In 2006, BCS reviewed a representative sample of the PARs for each of the seven largest EDCs: Allegheny; Duquesne; Met-Ed; PECO; Penelec; Penn Power; and PPL. 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 BCS received from the customers of these utilities. BCS believes that the size of the samples gives a reasonable 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 EDCs.

**2006 Residential Payment Arrangement Request Rates/
Justified Payment Arrangement Request Rates*
Major Electric Distribution Companies**

Company	PAR Rate	Justified PAR Rate
Allegheny Power	3.57	0.33
Duquesne	5.45	0.11
Met-Ed	2.75	0.22
PECO+	5.35	0.21
Penelec	2.82	0.23
Penn Power	4.33	0.25
PPL	7.33	0.37
Average	4.52	0.25

* Justified PAR Rates based on a probability sample of cases.

+ PECO statistics include electric and gas.

- 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 four payment arrangement requests to BCS for each 1,000 residential customers of the major EDCs in 2006. There was less than one justified PAR for each 1,000 residential customers.
- The implementation of Chapter 14 had an impact on the 2005 and 2006 PAR rates and justified PAR rates. See the "Payment Arrangement Requests" section in Chapter 1 for a discussion of the implications of this legislation.
- Appendix E, Table 1 presents the number of payment arrangement requests and justified payment arrangement requests for each major EDC in 2005 and 2006.

2005-06 Justified Residential Payment Arrangement Request Rates* Major Electric Distribution Companies

Company	2005	2006
Allegheny Power	0.80	0.33
Duquesne	1.19	0.11
Met-Ed	0.81	0.22
PECO+	0.74	0.21
Penelec	0.78	0.23
Penn Power	1.27	0.25
PPL	0.66	0.37
Average	0.89	0.25

* Based on a probability sample of cases.

+ PECO statistics include electric and gas.

- 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 seven major EDCs decreased significantly from 0.89 in 2005 to 0.25 in 2006.
- The justified PAR rates decreased for all of the seven major EDCs from 2005 to 2006. Five of the major EDCs have justified PAR rates at or below the industry average while two of the major EDCs have justified PAR rates greater than the 2006 industry average.
- Appendix E, Table 1 presents the number of justified payment arrangement requests for each major EDC in 2005 and 2006.

**2005-06 Response Time* to BCS
Residential Payment Arrangement Requests
Major Electric Distribution Companies**

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Allegheny Power	8.2	18.4	10.2
Duquesne	18.2	15.1	-3.1
Met-Ed	2.0	1.8	-0.2
PECO+	5.3	13.8	8.5
Penelec	1.7	2.6	0.9
Penn Power	1.4	2.2	0.8
PPL	13.2	24.0	10.8
Average	7.1	11.1	4.0

* Based on a probability sample of cases.

+ PECO statistics include electric and gas.

- The average of response times for the seven major EDCs increased by 4.0 days, from 7.1 days in 2005 to 11.1 days in 2006.
- There is a wide range of PAR response times among the major EDCs, from a low of 1.8 days for Met-Ed to a high of 24.0 days for PPL.

Termination and Reconnection of Service

Each month the electric companies report to the Commission the number of residential accounts that they terminated for nonpayment during the previous month. They also report the number of previously terminated residential accounts that they reconnected during the month. Some EDCs maintain a fairly consistent pattern of termination behavior while others fluctuate from year to year. The number of reconnections varies from year to year and from company to company depending on a variety of factors. The EDC reconnects a customer's terminated service when a customer either pays his/her debt in full or makes a significant payment on the debt and agrees to a payment arrangement for the balance owed to the company. The tables below indicate the annual number of residential accounts each of the seven largest EDCs terminated and reconnected in 2004, 2005 and 2006. The first table also presents the termination rates for each of these companies.

Residential Service Terminations/Termination Rates Major Electric Distribution Companies

Company	Residential Service Terminations				Termination Rates		
	2004	2005	2006	% Change in # 2005-06	2004	2005	2006
Allegheny Power	12,007	19,980	21,514	8%	20.00	33.06	35.39
Duquesne	10,694	22,132	20,885	-6%	20.34	42.18	39.84
Met-Ed	4,506	7,599	8,465	11%	9.81	16.26	17.83
PECO*	55,098	61,063	42,336	-31%	39.52	43.63	30.14
Penelec	5,881	11,430	11,307	-1%	11.67	22.62	22.37
Penn Power	1,446	2,795	3,016	8%	10.52	20.18	21.68
PPL	9,061	17,795	21,221	19%	7.80	15.15	17.87
Major Electric	98,693	142,794	128,744	-10%			
Average of Rates					17.09	27.58	26.45

* PECO statistics include electric and gas.

- Termination rate is the number of service terminations for each 1,000 residential customers.
- Overall, the seven major EDCs terminated 10 percent fewer residential accounts in 2006 than in 2005.

Residential Service Reconnections Major Electric Distribution Companies

Company	2004	2005	2006	% Change in # 2005-06
Allegheny Power	6,084	11,969	13,766	15%
Duquesne	6,182	15,124	14,587	-4%
Met-Ed	1,953	4,306	6,338	47%
PECO*	35,469	41,157	24,874	-40%
Penelec	2,558	7,060	7,482	6%
Penn Power	589	1,824	2,178	19%
PPL	3,681	11,398	15,578	37%
Major Electric	56,516	92,838	84,803	-9%

* PECO statistics include electric and gas.

- Overall, the seven major EDCs reconnected 9 percent fewer residential accounts in 2006 than in 2005.

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.

The infraction rates in the table that follows are based on all informal complaints that residential consumers filed with BCS from 2004 through 2006. Infractions identified on complaints involving competition issues are included in the infraction statistics. Appendix F, Table 1 presents detailed information about the infractions identified on 2006 cases to the BCS.

Commission Infraction Rates Major Electric Distribution Companies

Company	2004	2005	2006
Allegheny Power	0.08	0.05	0.05
Duquesne	0.02	0.02	0.04
Met-Ed	0.13	0.10	0.10
PECO*	0.34	0.09	0.03
Penelec	0.08	0.07	0.05
Penn Power	0.07	0.10	0.04
PPL	0.05	0.02	0.02

* PECO statistics include electric and gas.

- 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 EDCs decreased from 2005 to 2006.
- Appendix F, Table 1 presents the actual number of infractions of Chapters 56 and 14 for 2006.

4. Natural Gas Industry

In 2006, the Commission had jurisdiction over 33 natural gas distribution companies (NGDCs). However, the majority of the consumer complaints and payment arrangement requests involving the gas industry came from residential customers of the seven major NGDCs: Columbia Gas of Pennsylvania (Columbia); Dominion Peoples (Dominion); Equitable Gas (Equitable); National Fuel Gas Distribution Corporation (NFG); Philadelphia Gas Works (PGW); UGI-Gas; and UGI Penn Natural f/k/a PG Energy. This chapter will focus exclusively on those seven utilities. As with the electric industry, most of the complaints and payment arrangement requests dealt with matters covered under 52 Pa. Code, Chapter 56 Standards and Billing Practices for Residential Utility Service or 66 Pa. C.S.A. Chapter 14 Responsible Utility Customer Protection. 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 statistics in the tables on the pages that follow depict the performance of each of the seven major gas utilities in 2006. Appendices C-F provide statistics for these utilities from 2005 and 2006.

Consumer Complaints

During 2006, BCS handled 5,911 consumer complaints from residential customers of the various natural gas distribution companies (NGDCs) and 55 consumer complaints from residential customers of natural gas suppliers. Of these residential complaints, 97 percent (5,766) were from customers of the seven largest NGDCs. For the analysis of the seven major gas companies that appears in this chapter, BCS excluded 93 consumer complaints that involved competition issues.

Consumer Complaint Categories

After a BCS investigator closes a consumer complaint, the BCS Policy Division reviews the complaint, categorizes it into a specific problem category and enters it into BCS's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 2006 complaints from residential customers of the seven major gas utilities in each of the 13 categories used by the BCS policy unit to categorize consumer complaints about electric, gas and water utilities. The percentages shown in the table are for all the cases residential customers of the major gas utilities filed with BCS, not just cases determined to be justified in coming to BCS. Appendix C, Table 2 provides the actual number of cases that fell into each category in 2006.

Consumer Complaint Categories: 2006 Major Natural Gas Distribution Companies

Categories	Columbia	Dominion	Equitable	NFG	PGW	UGI-Gas	UGI Penn Natural	Gas Majors
Credit and Deposits	10%	30%	31%	36%	3%	40%	18%	27%
Metering	20%	22%	23%	15%	8%	22%	10%	20%
Billing Disputes	14%	13%	18%	11%	39%	11%	33%	17%
Discontinuance/Transfer	13%	6%	8%	14%	26%	9%	10%	10%
Other Payment Issues	5%	8%	5%	4%	8%	4%	4%	6%
Personnel Problems	7%	4%	5%	5%	5%	6%	6%	5%
Service Quality	7%	4%	2%	3%	1%	2%	4%	3%
Service Extensions	7%	3%	3%	4%	1%	<1%	8%	3%
Scheduling Delays	6%	3%	1%	4%	<1%	2%	0%	2%
Damages	4%	3%	1%	3%	1%	<1%	2%	2%
Rates	2%	2%	<1%	0%	<1%	0%	0%	1%
Service Interruptions	<1%	0%	0%	0%	0%	<1%	0%	<1%
All Other Problems	4%	2%	3%	2%	8%	3%	6%	3%
Total-Percent*	99%	100%	100%	101%	100%	99%	101%	99%
Total-Number**	283	554	712	160	210	263	51	2,233

* Columns may total more or less than 100 percent due to rounding.

** Based on residential complaints evaluated by BCS as of May 25, 2007.

- Categories are for all residential complaints filed with BCS, whether or not they were found to be justified. See Appendix B-1 for an explanation of complaint categories and Appendix C, Table 2 for the number of cases in each category.
- In 2006, credit and deposit complaints generated 27 percent of the complaints about the major gas utilities followed by metering complaints (20 percent) and complaints about billing (17 percent).

2006 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Natural Gas Distribution Companies

Company	Consumer Complaint Rate	Justified Consumer Complaint Rate
Columbia	1.55	0.25
Dominion	3.24	0.87
Equitable	6.00	1.52
NFG	1.63	0.20
PGW*	3.79	1.46
UGI-Gas	1.86	0.28
UGI Penn Natural	0.70	0.03
Average	2.68	0.53**

* For 2006, the low volume of cases evaluated for PGW does not produce a statistically valid Justified Consumer Complaint Rate for PGW.

** Average of rates does not include PGW.

- 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.
- In 2006, four of the major gas companies have consumer complaint rates that are lower than the industry's average of rates while one of the companies has a consumer complaint rate that is more than two times higher than the industry average.
- BCS was unable to review enough 2006 consumer complaints about PGW to draw a statistically valid conclusion about the company's performance at handling complaints from its customers.
- Appendix D, Table 2 presents the number of consumer complaints and justified consumer complaints for each major gas company in 2005 and 2006.

2005-06 Justified Residential Consumer Complaint Rates Major Natural Gas Distribution Companies

Company	2005	2006
Columbia*	0.32	0.25
Dominion*	0.67	0.87
Equitable	2.30	1.52
NFG	0.27	0.20
PGW*	2.18	1.46
UGI-Gas	0.17	0.28
UGI Penn Natural	0.06	0.03
Average**	0.63	0.53

* Based on a probability sample of cases for Columbia, Dominion and PGW in 2005. For 2005 and 2006, the low volume of cases evaluated for PGW does not produce a statistically valid Justified Complaint Rate for this company.

** Average of rates does not include PGW.

- 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 of the major gas companies, excluding PGW, decreased from 0.63 in 2005 to 0.53 in 2006.
- There was a wide range in the justified consumer complaint rates among the major gas companies, from a low of 0.03 for UGI Penn Natural to a high of 1.52 for Equitable in 2006.
- The BCS was unable to review enough 2006 consumer complaints about PGW to draw a statistically valid conclusion about the company's performance at handling complaints from its customers.
- Appendix D, Table 2 shows the number of justified consumer complaints for each major gas company in 2005 and 2006.

2005-06 Response Time to BCS Residential Consumer Complaints Major Natural Gas Distribution Companies

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Columbia	7.4	8.4	1.0
Dominion	21.6	16.8	-4.8
Equitable	76.6	7.7	-68.9
NFG	9.8	22.7	12.9
PGW*	95.9	31.3	-64.6
UGI-Gas	111.7	69.4	-42.3
UGI Penn Natural	22.2	21.8	-0.4
Average**	41.6	24.5	-17.1

* For 2005 and 2006, the low volume of cases evaluated for PGW does not produce a statistically valid Response Time to Consumer Complaints for PGW.

** Average of Response Times does not include PGW.

- The average of response times for the major gas companies, excluding PGW, decreased by slightly more than 17 days from 41.6 in 2005 to 24.5 in 2006.
- Consumer complaint response time performance varied widely among the major gas companies in 2006, from a low of 7.7 days for Equitable to a high of 69.4 days for UGI-Gas.
- BCS was unable to review enough 2006 consumer complaints about PGW to produce a response time to consumer complaints that is statistically valid.

Payment Arrangement Requests

In 2006, BCS handled 18,271 payment arrangement requests (PARs) from residential customers of the natural gas distribution companies (NGDCs) and two PARs from residential customers of natural gas supply companies. Ninety-four percent (17,251) of the residential PARs were from customers of the seven major natural gas distribution companies. In 2006, BCS reviewed a representative sample of the PARs for case outcome for the following gas companies: Columbia; Dominion; Equitable; NFG; PG Energy; PGW; 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 BCS received from customers of these utilities. 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 natural gas distribution companies.

**2006 Residential Payment Arrangement Request Rates/
Justified Payment Arrangement Request Rates*
Major Natural Gas Distribution Companies**

Company	PAR Rate	Justified PAR Rate
Columbia	4.67	0.18
Dominion	6.27	0.57
Equitable	13.21	2.40
NFG	10.52	0.80
PGW	10.65	1.14
UGI-Gas	8.48	0.75
UGI Penn Natural	6.47	0.10
Average	8.61	0.85

* Justified PAR 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 2006, the average of the PAR rates is 10 times the average of the justified PAR rates.
- The implementation of Chapter 14 had an impact on the 2005 and 2006 PAR rates and justified PAR rates. See the "Payment Arrangement Requests" section in Chapter 1 for a discussion of the implications of this legislation.
- Appendix E, Table 2 presents the number of payment arrangement requests and justified payment arrangement requests for each major gas company in 2005 and 2006.

**2005-06 Justified Residential
Payment Arrangement Request Rates*
Major Natural Gas Distribution Companies**

Company	2005	2006
Columbia	0.52	0.18
Dominion	2.33	0.57
Equitable	4.30	2.40
NFG	0.82	0.80
PGW	2.50	1.14
UGI-Gas	1.12	0.75
UGI Penn Natural	0.46	0.10
Average	1.72	0.85

* 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 seven major gas utilities decreased from 1.72 in 2005 to 0.85 in 2006.
- The implementation of Chapter 14 had an impact on the 2005 and 2006 justified PAR rates. See the "Payment Arrangement Requests" section in Chapter 1 for a discussion of the implications of this legislation.
- There was a wide range in justified PAR rates among the major NGDCs in 2006, from a low of 0.10 for UGI Penn Natural to a high of 2.40 for Equitable.
- Appendix E, Table 2 presents the number of justified payment arrangement requests for each major gas company in 2005 and 2006.

**2005-06 Response Time* to BCS
Residential Payment Arrangement Requests
Major Natural Gas Distribution Companies**

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Columbia	9.1	6.5	-2.6
Dominion	20.2	13.7	-6.5
Equitable	25.4	4.0	-21.4
NFG	4.2	18.5	14.3
PGW	26.1	35.4	9.3
UGI-Gas	20.7	26.1	5.4
UGI Penn Natural	10.1	14.7	4.6
Average	16.5	17.0	0.5

* Based on a probability sample of cases.

- From 2005 to 2006, the average of response times was relatively stable.
- The 2006 PAR response times for the major NGDCs varied from a low of 4.0 days for Equitable to a high of 35.4 days for PGW.

Termination and Reconnection of Service

Each month, the gas utilities report the number of residential accounts that they terminated for nonpayment during the previous month to the Commission. They also report the number of previously terminated residential accounts that they reconnected during the month. Historically, utilities have shown a varied pattern of termination behavior, from a consistent pattern to one that fluctuates from year to year. The number of reconnections varies from year to year and from company to company depending on a variety of factors. The NGDC reconnects a customer's terminated service either when a customer pays his/her debt in full or makes a significant payment on the debt and agrees to a payment arrangement for the balance owed to the company. The tables that follow indicate the annual number of residential accounts each of the seven largest gas utilities terminated and reconnected in 2004, 2005 and 2006. The first table also presents the termination rates for each of these companies.

Residential Service Terminations/Termination Rates Major Natural Gas Distribution Companies

Company	Residential Service Terminations				Termination Rates		
	2004	2005	2006	% Change in # 2005-06	2004	2005	2006
Columbia	7,545	18,819	14,571	-23%	21.13	52.22	40.00
Dominion	6,054	6,768	5,083	-25%	18.71	20.89	15.65
Equitable	7,023	13,075	12,793	-2%	29.31	56.24	55.13
NFG	7,422	14,125	13,243	-6%	38.06	72.95	68.55
PGW	29,695	40,663	30,808	-24%	62.30	85.48	64.37
UGI-Gas	8,911	12,830	13,778	7%	32.96	46.38	48.47
UGI-Penn Natural	5,169	5,334	5,179	-3%	36.93	38.03	36.80
Major Gas	71,819	111,614	95,455	-15%			
Average of Rates					34.20	53.17	47.00

- The termination rate is the number of service terminations for each 1,000 residential customers.
- Overall, the seven major gas companies terminated 15 percent fewer residential accounts in 2006 than in 2005.

Residential Service Reconnections Major Natural Gas Distribution Companies

Company	2004	2005	2006	% Change in # 2005-06
Columbia	2,797	10,669	7,973	-25%
Dominion	2,320	2,699	1,854	-31%
Equitable	1,964	7,765	10,529	36%
NFG	3,304	9,144	8,284	-9%
PGW	24,937	26,573	22,873	-14%
UGI-Gas	2,819	7,413	8,639	17%
UGI-Penn Natural	3,131	3,409	2,853	-16%
Major Gas	41,272	67,672	63,005	-7%

- Overall, the seven major NGDCs reconnected seven percent fewer residential accounts in 2006 than in 2005.

Compliance

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

The infraction rates in the table that follows are based on the review of all informal complaints that residential consumers filed with BCS from 2004 through 2006. Infractions identified on complaints involving competition issues are included in the infraction statistics. Appendix F, Table 2 presents detailed information about the infractions identified on 2006 cases to the BCS.

Commission Infraction Rates Major Natural Gas Distribution Companies

Company	2004	2005	2006
Columbia	0.11	0.11	0.13
Dominion	0.61	0.49	0.71
Equitable	1.76	1.62	1.36
NFG	0.06	0.16	0.20
PGW	0.44	1.31	0.23
UGI-Gas	0.18	0.08	0.20
UGI-Penn Natural	0.07	0.01	0.04

- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- The infraction rate for five of the seven major gas companies increased from 2005 to 2006.
- Appendix F, Table 2 presents the actual number of infractions for 2006 categorized by infraction category.

5. Water Industry

In 2006, the Commission had jurisdiction over 119 water utilities, including 28 municipal water companies. The Commission categorizes the non-municipal water utilities into one of three classifications: A, B and C. These three 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 \$1,000,000 or more for three years in a row. In 2006, there were eight "Class A" water companies that served residential water customers. The number of residential customers for these companies ranged from 2,050 for United Water Bethel to 577,169 residential customers for Pennsylvania-American Water Company. In 2006, the "Class A" water companies were Aqua Pennsylvania Southeast f/k/a Philadelphia Suburban (Aqua Pennsylvania), Audubon Water Company, Columbia Water Company, Newtown Artesian Water Company, Pennsylvania-American Water Company (PA-American), United Water Bethel, United Water of Pennsylvania Inc., and York Water Company. The tables in this chapter present individual statistics for the two largest water companies, PA-American and Aqua Pennsylvania, 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. In 2006, there were 13 "Class B" companies. "Class B" water companies have annual revenues between \$200,000 and \$999,999. In 2006, the number of residential customers for the "Class B" companies ranged from 294 to 1,418. There were 70 "Class C" companies in 2006. "Class C" water companies have annual revenues of less than \$200,000. The number of residential customers for the "Class C" companies ranged from five to 1,053 in 2006.

The municipal water companies are companies owned by municipalities that serve customers outside their boundaries. The Commission's jurisdiction is limited to regulating the rates and service of customers outside the municipalities.

As would be expected, the majority of the residential consumer complaints and payment arrangement requests to BCS came from customers of the "Class A" water utilities. Most of the complaints and payment arrangement requests from water customers dealt with matters covered by 52 Pa. Code, Chapter 56 Standards and Billing Practices for Residential Utility Service or 66 Pa. C.S.A. Chapter 14 Responsible Utility Customer Protection. 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 on the pages that follow depict the performance of the "Class A" water utilities in 2006. Once again, BCS was unable to review enough consumer complaints and payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A." Appendices C through F also present statistics about the performance of the Class A water companies.

Consumer Complaints

During 2006, BCS handled a total of 1,105 consumer complaints from residential customers of the various water companies. Of those complaints, 91 percent (1,006) were from customers of the “Class A” companies. The remaining 9 percent were from customers of smaller water companies. In spite of the fact that the vast majority of consumer complaints involved the “Class A” water utilities in 2006, the Commission devoted a significant amount of attention to the smaller water utilities. Sometimes the amount of time BCS spends on a few complaints from customers of a smaller company 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.

In 2006, customers of the small water companies filed complaints with BCS for a variety of reasons. Of the 99 consumer complaints filed about the non-Class A water companies, 43 percent of the complaints about the small water companies involved a billing dispute (43 cases). An additional 38 percent involved complaints about service, including people-delivered service, service quality or other aspects of the companies’ service to customers (38 cases).

Consumer Complaint Categories

After a BCS investigator closes a consumer complaint, the BCS Policy Division reviews the complaint, categorizes it into a specific problem category and enters it into BCS’s computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 2006 complaints from residential customers of the “Class A” water utilities in each of the categories used by the BCS policy unit to categorize consumer complaints about electric, gas and water utilities. The percentages shown in the table are for all the cases residential customers of these water utilities filed with BCS, not just cases determined to be justified in coming to BCS. Appendix C, Table 3 provides the actual number of cases that fell into each category in 2006.

Consumer Complaint Categories: 2006 Major Water Utilities

Categories	Aqua Pennsylvania	PA-American	Other Class A *	All Class A Water
Billing Disputes	41%	32%	13%	34%
Service Quality	13%	14%	50%	16%
Metering	9%	20%	3%	16%
Personnel Problems	4%	6%	13%	6%
Damages	4%	6%	3%	5%
Discontinuance/Transfer	4%	6%	3%	5%
Credit and Deposits	11%	2%	0%	4%
Service Extensions	1%	3%	7%	3%
Other Payment Issues	1%	3%	0%	3%
Scheduling Delays	3%	1%	3%	2%
Service Interruptions	1%	2%	3%	2%
Rates	0%	<1%	0%	<1%
All Other Problems	7%	3%	0%	4%
Total-Percent**	99%	98%	98%	100%
Total-Number***	140	347	30	517

* BCS was unable to review enough 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

** Columns may total more or less than 100 percent due to rounding.

*** Based on residential complaints evaluated by BCS as of May 25, 2007.

- Categories are for all residential complaints filed with the BCS, whether or not they were considered justified. See Appendix B-1 for an explanation of the various complaint categories and Appendix C, Table 3 for the number of cases in each category.
- Fifty percent of the consumer complaints about the "Class A" water utilities involved either billing disputes or service quality complaints.
- Complaints about metering decreased from 2005 to 2006. Meanwhile, consumer complaints about billing, service quality and credit and deposits increased from 2005 to 2006.

2006 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Water Utilities

Company	Consumer Complaint Rate	Justified Consumer Complaint Rate
Aqua Pennsylvania	0.72	0.19
PA-American	1.19	0.32
Other Class A	0.43	0.07*
Average	0.78	0.26**

* BCS was unable to review enough 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

** Average of Justified Consumer Complaint Rates does not include "Other Class A" companies.

- 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 average of the consumer complaint rates for Aqua Pennsylvania and PA-American is almost four times greater than the average of the justified rates for these companies.
- Appendix D, Table 3 presents the actual number of consumer complaints and justified consumer complaints for Aqua Pennsylvania, PA-American and the "Other Class A" companies in 2005 and 2006.

2005-06 Justified Residential Consumer Complaint Rates Major Water Utilities

Company	2005	2006
Aqua Pennsylvania	0.31	0.19
PA-American	0.55	0.32
Other Class A*	0.25	0.07
Average**	0.43	0.26

* BCS was unable to review enough 2005 and 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

** Average of Justified Consumer Complaint Rates does not include "Other Class A" companies.

- 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 companies decreased from 2005 to 2006.
- Appendix D, Table 3 shows the number of justified consumer complaints for Aqua Pennsylvania, PA-American and the "Other Class A" water companies in 2005 and 2006.

2005-06 Response Time to BCS Residential Consumer Complaints Major Water Utilities

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Aqua Pennsylvania	22.3	32.9	10.6
PA-American	7.0	3.7	-3.3
Other Class A*	55.9	11.8	-44.1
Average**	14.7	18.3	3.6

* BCS was unable to review enough 2005 and 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

** Average of Response Times does not include "Other Class A" companies.

- The average response time for Aqua Pennsylvania increased by 10.6 days from 2005 to 2006. Meanwhile, the average response time for PA-American decreased by more than three days during the same period.

Payment Arrangement Requests

In 2006, BCS handled 3,499 payment arrangement requests (PARs) from residential customers of the water industry. Ninety-eight percent (3,418) of the residential PARs were from customers of the “Class A” water utilities. As in past years, for the companies with the largest volume of requests, the BCS Policy Division reviewed a representative sample of PARs for case outcome. In 2006, BCS reviewed a sample of the PARs for PA-American. 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 BCS received from customers of PA-American. BCS believes the size of the sample gives a reasonable 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.

2006 Residential Payment Arrangement Request Rates/ Justified Payment Arrangement Request Rates Major Water Utilities

Company	PAR Rate	Justified PAR Rate
Aqua Pennsylvania	2.65	0.17
PA-American*	3.99	0.47
Other Class A**	1.06	0.00
Average	2.57	0.32***

* Justified PAR rate based on a probability sample of cases.

** BCS was unable to review enough 2006 payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as “Other Class A.”

*** Average of Justified PAR Rates does not include “Other Class A” companies.

- The justified payment arrangement request rate equals the number of justified payment arrangement requests for 1,000 residential customers. The payment arrangement request rate equals the number of payment arrangement requests for 1,000 residential customers.
- The average of Aqua and PA-American’s PAR rates (3.32) is more than 10 times the average of their justified PAR rates (0.32).
- The implementation of Chapter 14 had an impact on the 2005 and 2006 PAR rates and justified PAR rates. See the “Payment Arrangement Requests” section in Chapter 1 for a discussion of the implications of this legislation.
- Appendix E, Table 3 presents the number of payment arrangement requests and justified payment arrangement requests for PA-American, Aqua Pennsylvania and the “Other Class A” water companies in 2005 and 2006.

2005-06 Justified Residential Payment Arrangement Request Rates Major Water Utilities

Company	2005	2006
Aqua Pennsylvania	0.29	0.17
PA-American*	1.13	0.47
Other Class A**	0.09	0.00
Average***	0.71	0.32

* Based on a probability sample of cases.

** BCS was unable to review enough 2005 and 2006 payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

*** Average of rates does not include the "Other Class A" companies.

- 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 Aqua Pennsylvania and PA-American decreased from 0.71 in 2005 to 0.32 in 2006.
- The implementation of Chapter 14 had an impact on the 2005 and 2006 PAR rates and justified PAR rates. See the "Payment Arrangement Requests" section in Chapter 1 for a discussion of the implications of this legislation.
- Appendix E, Table 3 presents the number of payment arrangement requests and justified payment arrangement requests for "Class A" water companies in 2005 and 2006.

2005-06 Response Time to BCS Residential Payment Arrangement Requests Major Water Utilities

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Aqua Pennsylvania	13.1	13.9	0.8
PA-American*	22.0	4.7	-17.3
Other Class A**	29.3	3.7	-25.6
Average***	17.6	9.3	-8.3

* Based on a probability sample of cases.

** BCS was unable to review enough 2005 and 2006 payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

*** Average of Response Times does not include "Other Class A" companies.

- Aqua Pennsylvania's response time was relatively stable from 2005 to 2006, but PA-American's response time decreased by more than 17 days.

Compliance

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

The infraction rates in the table that follows are based on the review of all informal complaints that residential consumers filed with BCS from 2004 through 2006. Appendix F, Table 3 presents detailed information about the infractions identified on 2006 cases to the BCS.

Commission Infraction Rates Major Water Utilities

Company	2004	2005	2006
Aqua Pennsylvania	0.65	0.18	0.09
PA-American	0.16	0.24	0.23
Other Class A*	0.06	0.06	0.02

* BCS was unable to review enough 2005 and 2006 consumer complaints and payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- The number of informally verified infractions for Aqua Pennsylvania decreased from 0.18 in 2005 to 0.09 in 2006.
- Appendix F, Table 3 presents the actual number of infractions found on 2006 informal complaints for PA-American, Aqua Pennsylvania and the "Other Class A" water companies by infraction category.

Programs that Assist Low-Income Customers

Several water utilities voluntarily operate programs to assist low-income customers maintain water service.

Aqua Pennsylvania Inc. (Aqua) - In 1994, Aqua requested and received Commission approval to implement a pilot program that combines several of the elements of energy universal service programs with those of conservation programs. Aqua calls this program "A Helping Hand." In 1996, Aqua made "A Helping Hand" a permanent part of its collection strategy. In 1997, Aqua expanded "A Helping Hand" to all four counties in its service territory, Bucks, Chester, Delaware and Montgomery counties. The program offers a water usage audit and includes an arrearage forgiveness component. Aqua directs "A Helping Hand" to low-income customers who are payment troubled and have high water bills.

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

At the end of 2006, Aqua's program had 397 active participants. During the year, Aqua spent \$62,253 to complete eligibility interviews and household audits. In addition, the company granted \$13,690 in forgiveness credits to 430 program participants.

Pennsylvania-American Water Company (PA-American) - By Order dated Oct. 2, 1997, the Commission approved PA-American's request to establish a Low-Income Rate. At the end of 2006, there were 4,846 active participants in the Low-Income Rate. A customer whose income is below 150 percent of the federal poverty guidelines is eligible for the Low-Income Rate. Customers agree to make monthly payments in exchange for a 50 percent discount on the service charge - typically about \$5. Customers who miss more than two payments in a six-month period lose their eligibility in the program. Customers who are ineligible because of non-payment remain so for one year.

PA-American also participates with the Dollar Energy Fund. PA-American calls its program H2O - Help to Others. Dollar Energy Fund is a hardship fund that provides cash assistance to utility customers who need help in paying their utility bill or to those who still have a critical need for assistance after other resources have been exhausted. In 2005-06, PA-American's shareholders and customers provided a total of \$197,000 in hardship fund benefits to 526 customers for an average benefit of \$375.

United Water of Pennsylvania Inc. (United Water) - In 2005, United Water implemented a new program called UW Cares. UW Cares is a hardship fund program that will provide cash grants up to \$100 to help low-income customers pay their water bills. To be eligible for a grant, a customer's household income must be below 100 percent of the federal poverty guidelines and the customer must have made a payment of at least \$20 in the last 180 days. During the 2005-06 program year the company gave out 14 grants in the amount of \$1,143 for an average benefit of \$82.

York Water Company - In 2005, the York Water Company implemented the York Water Cares program. The program offers a water usage audit that includes conservation education and provides minor plumbing repairs. Each year, the company will forgive arrearages up to \$120 if the participant makes regular monthly payments. During 2006, the company expended \$687 for plumbing repairs. Twenty customers received \$990 in arrearage forgiveness benefits. As of December 31, 2006, there were 21 active participants in the program.

6. Telephone Industry

During 2006, BCS handled consumer complaints; payment arrangement requests (PARs) and inquiries from the customers of a variety of telecommunications service providers, including incumbent local exchange carriers (ILECs), competitive local exchange carriers (CLECs), long-distance companies and resellers. Over 400 providers of telecommunications services were doing business in Pennsylvania in 2006. Of this group of telecommunications providers, 37 were ILECs. Thirty-two of these ILECs were non-major utilities each serving fewer than 50,000 residential customers. The remaining five ILECs were major companies, each with more than 50,000 residential customers. Collectively, these five major telephone companies served more than 3.7 million residential customers in 2006.

This chapter will focus exclusively on the five major ILECs in 2006 -- Commonwealth Telephone Company, d/b/a Frontier Communications Commonwealth Telephone Company (Frontier Commonwealth); Embarq Pennsylvania f/k/a United Telephone Company of Pennsylvania (Embarq); Verizon North Inc. (Verizon North); Verizon Pennsylvania (Verizon PA); and Windstream Communications f/k/a ALLTEL Pennsylvania (Windstream) -- and the three largest CLECs -- MCImetro Access Transmission Services LLC (MCI Local); Comcast Phone of Pennsylvania, LLC d/b/a Comcast Digital Phone (Comcast); and RCN Telecom Services, Inc. (RCN). In the 2005 UCARE, AT&T Local was included in this chapter. However, in this year's report AT&T Local is included in the Appendices but not included in the chapter because the company reported that it served fewer than 50,000 residential customers during 2006. The remaining three CLECs listed above each served more than 50,000 residential customers in Pennsylvania during 2006. Cavalier also reported that it served more than 50,000 residential customers in the Commonwealth in 2006. BCS will continue to monitor Cavalier and may include this company in the analyses of the largest telephone service providers in next year's report.

Unlike the electric, gas and water chapters, the analyses of the eight companies that appear in this chapter include complaints about competition-related issues such as slamming, competition-related service complaints and billing problems. This is the fourth year that BCS included competition-related complaints in its analyses of the largest telephone companies.

Consumer Complaints

Although BCS handled consumer complaints about different types of telecommunication service providers in 2006, the complaints predominantly came from the residential customers of the five major ILECs and the three largest CLECs. Overall, BCS handled 7,970 consumer complaints from residential customers of telecommunications service providers in 2006. Of these complaints, 6,437 were from residential customers of all of Pennsylvania's ILECs while 6,383 were from customers of the five major ILECs. Meanwhile, 1,342 consumer complaints were from residential customers of the CLECs operating in Pennsylvania, with 620 of the CLEC complaints filed by residential customers of Comcast, MCI Local and RCN. The remaining 191 consumer complaints were from residential customers of other providers of telecommunications services such as long-distance carriers, resellers and Voice over Internet Protocol (VoIP) providers.

Consumer Complaint Categories

After a BCS investigator closes a consumer complaint, the BCS Policy Division reviews the complaint, categorizes it into a specific problem category and enters it into BCS's computerized information system. The BCS data system then aggregates the data from all complaints. The following table shows the percentage of 2006 consumer complaints from residential customers of the major telephone companies in each of the 11 categories used by the BCS policy unit to categorize consumer complaints about telephone companies.

Consumer Complaint Categories: 2006 Major Local Telephone Companies

Categories	Comcast	Embarq	Frontier Common- wealth	MCI Local	RCN	Verizon North	Verizon PA	Wind- stream	Telephone Majors
Service Delivery	29%	12%	15%	20%	21%	37%	32%	22%	29%
Unsatisfactory Service	11%	7%	10%	15%	5%	30%	26%	30%	23%
Billing Disputes	14%	45%	27%	20%	33%	15%	14%	21%	19%
Service Terminations	16%	19%	17%	22%	18%	10%	15%	10%	15%
Competition	9%	3%	2%	16%	14%	2%	3%	0%	5%
Toll Services	<1%	6%	8%	<1%	0%	0%	3%	0%	3%
Credit and Deposits	3%	1%	12%	<1%	4%	3%	2%	12%	2%
Discontinuance/Transfer	0%	3%	4%	5%	0%	<1%	3%	0%	2%
Non-Recurring Charges	0%	1%	0%	0%	2%	<1%	1%	0%	<1%
Annoyance Calls	0%	0%	0%	<1%	2%	<1%	<1%	<1%	0%
All Other Problems	19%	1%	4%	<1%	2%	2%	2%	3%	<1%
Total-Percent*	102%	98%	99%	100%	101%	99%	101%	101%	98%
Total-Number**	161	275	52	296	57	337	1,803	105	3,086

* Columns may total more or less than 100 percent due to rounding.

** Based on complaints evaluated by BCS as of May 25, 2007.

- Eighty-six percent of all complaints for the major telephone companies fall into one of four complaint categories: service delivery, unsatisfactory service, billing disputes or service terminations.
- Service delivery disputes account for 29 percent of the total number of consumer complaints against the eight major telephone companies. This is a slight increase from 2005 when 26 percent of the companies' consumer complaints involved service delivery. In 2006, service delivery disputes accounted for 37 percent of all consumer complaints about Verizon North.
- The table shows that 23 percent of all the consumer complaints filed against the eight major companies are about unsatisfactory service, while billing disputes and service terminations account for 19 and 15 percent, respectively. In 2005, these three categories accounted for 17 percent, 22 percent and 17 percent of all consumer complaints about the major telephone companies. For individual companies, 71 percent of the 2006 complaints about Embarq, 61 percent of the complaints about Windstream and 57 percent of the complaints about MCI Local fall into these three categories.
- The overall volume of consumer complaints about competition issues showed a small increase from 2005 to 2006. However, the volume of competition-related complaints about RCN increased significantly from 2005 to 2006.

- See Appendix B, Table 2 for an explanation of complaint categories and Appendix C, Table 4 for the number of cases in each category. The statistics shown in the table on the previous page and in Appendix C, Table 4 include all evaluated residential consumer complaints filed against the eight major local telephone companies, whether or not they were considered justified. Appendix C, Table 4 includes 2006 statistics for AT&T Local.

The 2005 and 2006 consumer complaint figures for consumer complaint rates, justified consumer complaint rates and response times for each of the major telephone companies are presented on the following pages. Appendix D, Table 4 provides additional statistics about the consumer complaints from residential customers of the eight major local telephone companies, as well as about AT&T Local.

2006 Residential Consumer Complaint Rates/ Justified Consumer Complaint Rates Major Local Telephone Companies

Company	Consumer Complaint Rate	Justified Consumer Complaint Rate
Comcast	1.90	0.99
Embarq	1.28	0.48
Frontier Commonwealth	0.33	0.06
MCI Local	2.81	2.04
RCN	0.83	0.52
Verizon North	0.97	0.59
Verizon PA*	1.99	1.13
Windstream	0.78	0.30
Average	1.36	0.76

* Justified consumer complaint rate based on a probability sample of cases.

- 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 eight major telephone companies, the average of their consumer complaint rates is 1.8 times greater than the average of their justified rates.
- Frontier Commonwealth's consumer complaint rate is more than five times higher than its justified consumer complaint rate. For RCN and Verizon North, the consumer complaint rate is 1.6 times higher than the justified consumer complaint rate for each of these companies.
- Appendix D, Table 4 shows the number of consumer complaints and justified consumer complaints for each major telephone company in both 2005 and 2006.

2005-06 Justified Residential Consumer Complaint Rates Major Local Telephone Companies

Company	2005	2006
Comcast	0.98	0.99
Embarq	0.48	0.48
Frontier Commonwealth	0.15	0.06
MCI Local	2.40	2.04
RCN	0.43	0.52
Verizon North	0.53	0.59
Verizon PA*	0.80	1.13
Windstream	0.34	0.30
Average	0.76	0.76

* Based on a probability sample of cases.

- The justified consumer complaint rate equals the number of justified consumer complaints for each 1,000 residential customers.
- In 2006, the industry average of justified consumer complaint rates is 0.76 with no change from the 2005 average.
- There was a wide range in justified consumer complaint rates among the major companies, from a low of 0.06 for Frontier Commonwealth to a high of 2.04 for MCI Local.
- Appendix D, Table 4 shows the number of justified consumer complaints and the justified consumer complaint rates for each major telephone company in 2005 and 2006.

2005-06 Response Time to BCS Residential Consumer Complaints Major Local Telephone Companies

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Comcast	21.5	10.6	-10.9
Embarq	20.8	20.2	-0.6
Frontier Commonwealth	14.0	6.9	-7.1
MCI Local	29.8	19.9	-9.9
RCN	28.6	28.5	-0.1
Verizon North	17.8	20.4	2.7
Verizon PA*	17.8	19.5	1.7
Windstream	11.5	12.5	1.0
Average	20.2	17.3	-2.9

* Based on a probability sample of cases.

- For the eight major companies, the average response time to consumer complaints decreased by 2.9 days from 2005 to 2006.
- Comcast, Embarq, Frontier Commonwealth and MCI Local all reduced their average response times from 2005 to 2006. Meanwhile, RCN's average response time was stable during that period. The average response time for Verizon North, Verizon PA and Windstream increased from 2005 to 2006.

Payment Arrangement Requests

Telephone service consists of three components: basic service, nonbasic service and toll service. BCS does not handle customer requests for payment arrangements that involve toll or nonbasic services. For the telephone industry, payment arrangement requests (PARs) are principally contacts to BCS or to companies involving a request for payment terms for arrearages associated with basic service. Most PARs are cases relating to the suspension of basic telephone service for non-payment. Suspension of basic telephone service involves the temporary cessation of service without the consent of the customer and occurs when the customer owes the local telephone company money. If the customer does not pay or make arrangements to pay the amount owed, the company proceeds to terminate the customer's service, which is the permanent cessation of service. The majority of PARs are from customers who contact BCS to request payment arrangements after they have received a suspension notice.

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 PARs have been separated from telephone PARs that also involve a dispute.

During 2006, BCS handled 2,120 PARs from residential customers of telecommunications service providers. Of these PARs, 1,783 were from residential customers of the eight major telephone companies: Comcast, Embarq, Frontier Commonwealth, MCI Local, RCN, Verizon North, Verizon PA and Windstream.

As previously mentioned, BCS has used sampling over the years to evaluate the large volume of cases it receives from customers of the largest major companies. Given the large volume of PARs from Verizon PA customers, BCS evaluated a representative sample of the company’s PARs to determine justified rate and response time. BCS believes that the size of the sample gives a reasonable indication of the company’s performance.

The 2005 and 2006 payment arrangement request figures for justified payment arrangement request rates and response times for the major telephone companies are presented in the tables that follow.

**2006 Residential Payment Arrangement Request Rates/
Justified Payment Arrangement Request Rates
Major Local Telephone Companies**

Company	PAR Rate	Justified PAR Rate
Comcast	0.68	0.34
Embarq	0.22	0.06
Frontier Commonwealth	0.12	0.05
MCI Local	0.89	0.62
RCN	0.18	0.15
Verizon North	0.27	0.10
Verizon PA*	0.50	0.17
Windstream	0.21	0.09
Average	0.38	0.20

* Justified PAR 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 (PAR) rate equals the number of payment arrangement requests for each 1,000 residential customers.
- For 2006, the industry average for PAR rate is 0.38, a reduction from 2005, when the average PAR rate for the major local telephone companies was 0.54.
- The overall 2006 PAR rate is 1.9 times the overall justified PAR rate for the eight major companies included in this year’s UCARE.

- For the individual companies, the ratio between the PAR rate and the justified PAR rate varies. For Embarq, the company's 2006 PAR rate is more than three times the company's justified PAR rate. For MCI Local, the company's 2006 PAR rate is 1.4 times its justified PAR rate.
- Appendix E, Table 4 presents the number of payment arrangement requests, the payment arrangement request rates, and justified payment arrangement requests for each major telephone company in 2005 and 2006.

2005-06 Justified Residential Payment Arrangement Request Rates Major Local Telephone Companies

Company	2005	2006
Comcast	0.60	0.34
Embarq	0.13	0.06
Frontier Commonwealth	0.11	0.05
MCI Local	1.19	0.62
RCN	0.14	0.15
Verizon North	0.19	0.10
Verizon PA*	0.15	0.17
Windstream	0.21	0.09
Average	0.34	0.20

* 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 2006 average of justified rates (0.20) for the eight major telephone companies decreased from the 2005 industry average of rates (0.34).
- For six of the eight major telephone companies, the justified rate decreased from 2005 to 2006. The justified PAR rates increased slightly for RCN and Verizon PA.
- Appendix E, Table 4 shows the number of justified payment arrangement requests and the justified payment arrangement request rate for each major telephone company in 2005 and 2006.

2005-06 Response Time to BCS Residential Payment Arrangement Requests Major Local Telephone Companies

Company	Number of Days 2005	Number of Days 2006	Change in Days 2005 to 2006
Comcast	7.1	6.4	-0.7
Embarq	13.8	7.0	-6.8
Frontier Commonwealth	2.3	2.5	-0.2
MCI Local	25.1	14.2	-10.9
RCN	27.1	24.3	-2.8
Verizon North	10.7	11.9	1.2
Verizon PA*	9.4	12.6	3.2
Windstream	2.0	1.2	-0.8
Average	12.2	10.0	-2.2

* Based on a probability sample of cases.

- The 2006 average of response times to PARs for the eight major telephone companies decreased by slightly more than two days from 2005.
- Comcast, Embarq, Frontier Commonwealth, MCI Local, RCN and Windstream all reduced their response times to PARs in 2006. Verizon PA and Verizon North each increased their response time to PARs from 2005 to 2006.

Termination of Service

Chapter 64 defines suspension as a temporary termination of service without the consent of the customer. Termination of service, according to Chapter 64, is the permanent end of service after a suspension without the consent of the customer. Most payment arrangement requests are cases relating to the termination 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 shut-offs. 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 1,000 residential customers. Shifts in terminations can signal potential problems with customers maintaining basic telephone service and reflect the impact of Universal Service programs.

Residential Service Terminations/Termination Rates Major Local Telephone Companies

Company	Residential Service Terminations				Termination Rates		
	2004	2005	2006	% Change in # 2005-06	2004	2005	2006
Comcast	8,616	12,528	8,136	-35%	80.25	109.15	80.06
Embarq	5,400	5,016	5,100	2%	19.05	18.23	19.60
Frontier Commonwealth	4,728	5,388	5,424	1%	19.57	29.71	30.59
MCI Local	31,056	35,484	20,400	-43%	131.99	180.82	158.46
RCN	N/A	6,252	6,252	0%	N/A	82.03	79.85
Verizon North	19,536+	15,948	14,040	-12%	43.00+	37.47	32.79
Verizon PA	139,056	126,024	123,624	-2%	37.43	39.35	45.25
Windstream	4,848	5,520	5,424	-2%	28.12	32.94	33.49
Major Telephone	213,240	212,160	188,400	-11%			
Average of Rates					52.74*	66.21	60.01

N/A = Not Available.

+ As a result of company data problems, termination data for Verizon North is based on estimates.

* This average excludes Verizon North terminations since the data is estimated.

- Termination statistics for RCN are not available for 2004.
- Overall, the basic service termination rate for major telephone companies decreased from 2005 to 2006.

Compliance

BCS's primary compliance effort is the informal compliance process. Through informal compliance notifications, this process provides companies with specific examples of apparent problems that may reflect infractions of the Commission's Standards and Billing Practices for Residential Telephone Service (Chapter 64) and the telephone regulations for quality of service (Chapter 63). The informal notification process also enables BCS to provide companies with written clarifications and explanations of Chapter 64 and Chapter 63 provisions and BCS policies. The informal compliance process is specifically designed to identify systematic errors. Companies can then investigate the scope of the problem and take corrective action. Appropriate corrective action usually involves modifying a computer program; revising the text of a notice, a billing or a letter; changing a company procedure; or providing additional staff training to ensure the proper implementation of a sound procedure.

Each year BCS retrieves infraction data from the BCS Compliance Tracking System and produces tables that present Chapter 64 and Chapter 63 infraction statistics for the major telephone companies reviewed in this chapter. The infraction statistics are typically drawn from all cases that residential consumers filed with BCS.

Due to staffing limitations in 2005, BCS was not able to fully implement its infraction tracking process for 2005 telephone cases. BCS notified the nine major companies reviewed in the 2005 UCARE about only a portion of the infractions found on the 2005 telephone consumer complaints and PARs filed by their customers. As a result, the infraction statistics for 2005 are incomplete and a comparison between the 2005 statistics and the data from other years would be incorrect. For this reason, the tables that follow do not show 2005 infraction rates for the major telephone companies reviewed in this year’s report. The infraction rates are based on the review of all informal complaints that residential consumers filed with BCS in 2004 and 2006. Appendix F, Tables 4 and 5 present detailed information about the infractions identified on 2006 cases to the BCS.

Commission Infraction Rates – Chapter 63 Major Local Telephone Companies

Company	2004	2005*	2006
Comcast	0.22	N/A	0.54
Embarq	0.00	N/A	0.14
Frontier Commonwealth	0.07	N/A	0.08
MCI Local	0.69	N/A	1.29
RCN	N/A	N/A	0.18
Verizon North	0.30	N/A	0.91
Verizon PA	0.32	N/A	0.86
Windstream	0.12	N/A	0.12

* 2005 infraction data is incomplete.
N/A = Not Available.

- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- In 2006, there was a wide variation in infraction rates among the eight major telephone companies. MCI Local had the highest rate with 1.29 while Frontier Commonwealth had the lowest rate at 0.08 infractions of Chapter 63 for each 1,000 residential customers.
- Due to staffing limitations in 2005, BCS was not able to fully implement its infraction tracking process. As a result, the infraction statistics for 2005 are incomplete and a comparison between the 2005 statistics and the data from other years would not be appropriate.
- Appendix F, Table 4 presents the actual number of infractions of Chapter 63 found on 2006 informal complaints for the major local telephone companies, including AT&T Local, by infraction category.

Commission Infraction Rates – Chapter 64 Major Local Telephone Companies

Company	2004	2005*	2006
Comcast	3.21	N/A	0.88
Embarq	0.60	N/A	0.73
Frontier Commonwealth	0.34	N/A	0.11
MCI Local	4.11	N/A	3.73
RCN	N/A	N/A	0.88
Verizon North	0.45	N/A	0.29
Verizon PA	0.22	N/A	0.25
Windstream	0.60	N/A	0.32

* 2005 infraction data is incomplete.
N/A = Not Available.

- The infraction rate is the number of informally verified infractions per 1,000 residential customers.
- As with Chapter 63, there was a wide variation in Chapter 64 infraction rates among the eight major telephone companies. In 2006, MCI Local had the highest rate at 3.73 while Frontier Commonwealth had the lowest rate at 0.11 infractions of Chapter 64 for each 1,000 residential customers.
- Due to staffing limitations in 2005, BCS was not able to fully implement its infraction tracking process. As a result, the infraction statistics for 2005 are incomplete and a comparison between the 2005 statistics and the data from other years would not be appropriate.
- Appendix F, Table 5 presents the actual number of infractions of Chapter 64 found on 2006 informal complaints for the major local telephone companies, including AT&T Local, by infraction category.

Telephone Universal Service Programs

As part of its ongoing responsibilities, BCS monitors the universal service programs of local telephone companies. For the telephone industry, universal service programs¹ include Link-Up America (Link-Up), Lifeline Service (Lifeline) and the Universal Telephone Assistance Program (UTAP). These programs ensure that low-income consumers have access to telephone service by providing discounts or credits for service installation and basic telephone service. The Commission approved the implementation of Pennsylvania's first universal service program in 1989 with the implementation of Link-Up. By December 1997, the Commission approved Lifeline service plans for 44 telephone companies and marked the statewide implementation of telephone companies' Lifeline programs in 1998.

¹With the exception of UTAP, these programs are supported fully or in part by federal universal service funds.

The initial Lifeline program targeted those customers who had incomes at or below 100 percent of the federal poverty guidelines, who received Supplemental Security Income or who participated in certain Pennsylvania Department of Welfare (DPW) programs. Lifeline service customers could not subscribe to call waiting or other optional services².

On Sept. 30, 1999, the Commission approved a Global Telecommunication Order that created the Lifeline 150 program. Under the Lifeline 150 program, customers were allowed to subscribe to one optional service such as voice mail or call waiting at cost. Customers with incomes up to 150 percent of the federal poverty guidelines and who participate in certain assistance programs³ were eligible for this program. The Commission directed telephone companies to discontinue the initial Lifeline program and implement the Lifeline 150 program. However, the Commission allowed Verizon f/k/a Bell of PA to continue its 1999 Lifeline program along with implementing the Lifeline 150 program. As a result of the merger of Bell Atlantic PA and GTE North, Verizon North f/k/a GTE North is also required to offer Lifeline service.

The discussion below describes the status of universal service programs for the telephone industry in 2006.

Lifeline, Lifeline 150 and Lifeline 135 Service

On May 23, 2005, the Commission entered its Final Lifeline Order (Final Order), at Docket No. M-00051871, that resulted in major changes to the Lifeline programs. The Final Order expanded the Lifeline and Link-Up program eligibility to be consistent with the Federal Communications Commission's (FCC) default Lifeline/Link-Up programs⁴. It added the National School Free Lunch Program and an income-only based criterion (income at or below 135 percent of the federal poverty guidelines) as new criteria for Pennsylvania's Lifeline/Link-Up program eligibility. Second, the Final Order directed all jurisdictional eligible telecommunications carriers⁵ (ETCs) to implement the Lifeline provisions contained in Chapter 30. Under these provisions⁶, ETCs are to inform new and existing customers about the availability of Lifeline and Link-Up services. They must also permit eligible Lifeline service customers to purchase any number of optional services (i.e. call waiting) at the tariffed rates for these services. Third, the Final Order requires all local telephone ETCs to implement these changes. It also encourages non-ETCs to continue to offer Lifeline service even though they are no longer required to do so. Finally, the Final Order eliminates the Lifeline 150 program and designates the Lifeline 135 program as the primary telephone universal service program in Pennsylvania. The table below shows enrollment activity for the various Lifeline programs in 2005 and 2006.

²Lifeline service customers were permitted to subscribe to call trace service under special circumstances.

³These programs are as follows: General Assistance (GA); Supplemental Security Income (SSI); Temporary Assistance for Needy Families (TANF); Food Stamps; Low-Income Home Energy Assistance Program (LIHEAP); Medicaid; Federal Public Housing Assistance and the State Blind Pension.

⁴FCC Report and Order and Further Notice of Proposed Rulemaking in the Matter of Lifeline and Link-Up, at CC Docket No. 04-87, WC Docket No. 03-109.

⁵To provide Lifeline and Link-Up services, telephone companies must be designated Eligible Telecommunications Carriers (ETC) by their state commission or the FTC. ETCs may receive universal service funding.

⁶66 P.a. C.S. §§ 30 (f)(1-4). These rules apply to all Pennsylvania incumbent local exchange carriers and three competitive local exchange carriers.

Lifeline Service Activity 2005-06

Company	Total Number of Customers Who Received Lifeline Service		Total Number of Customers Enrolled as of December	
	2005	2006	2005	2006
Comcast	625	625	485	477
Embarq	3,054	3,957	2,355	3,303
Frontier Commonwealth	2,494	4,061	2,001	3,433
MCI Local	716	604	489	446
RCN	180	207	73	177
Verizon North*	12,895	14,879	8,715	10,394
Verizon PA*	177,223	200,214	111,690	121,503
Windstream	4,166	5,361	3,585	4,452
Total	201,353	229,908	129,393	144,185

* The figures for Verizon PA and Verizon North include customers enrolled in both of each company's Lifeline programs.

As of February 2006, the monthly credit⁷ ranged from \$8 to \$8.25 for the Lifeline 135 program, and \$11.75 to \$12 for the Verizon companies' Lifeline program.

Link-Up

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 percent 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 percent of the federal poverty guidelines, who receive Supplemental Security Income, or who participate in certain DPW assistance programs. The following table presents the number of Link-Up connections reported by major local companies.

⁷The monthly credit is subject to change due to the Federal Subscriber Line Cost rate changes.

Link-Up Connections 2005-06

Company	Number of Connections 2005	Number of Connections 2006
Comcast	34	24
Embarq	17	6
Frontier Commonwealth	806	2,605
MCI Local	1	0
RCN	0	0
Verizon North	1,044	1,425
Verizon PA	51,492	45,866
Windstream	590	675
Total	53,984	50,601

Universal Telephone Assistance Program (UTAP)

Verizon PA implemented a Universal Telephone Assistance Program (UTAP) along with its Lifeline service program as part of a settlement agreement that was approved by the Commission in 1995. Verizon PA is the only company that offers a financial assistance program that helps existing Lifeline customers and qualified Lifeline applicants (with a pre-existing basic service arrearage) to restore their basic telephone service. The Salvation Army manages UTAP and distributes funds to qualified customers and Lifeline applicants. The average UTAP assistance grant given to customers in 2006 was \$82. Overall, UTAP distributed \$1,577,863 in financial assistance to 19,253 of Verizon PA's qualified customers in 2006.

Automatic Notification Program

The Lifeline service automatic notification provision at §3019(f)(5) requires that all jurisdictional ETCs provide DPW with service descriptions, subscription forms, contact telephone numbers and service area information so DPW can notify its clients about the availability of Lifeline service. In 2005, a working group consisting of representatives of the Pennsylvania Telephone Association, the Office of Consumer Advocate and the Public Utility Law Project worked with DPW to implement this provision. Commission staff coordinated with members of the working group to develop subscription forms and listings of company contacts by county. Commission staff continues to provide DPW with copies of informational brochures and a link to the Commission's Web site for information about companies that offer Lifeline and Link-Up programs.

For more information about the telephone universal service programs, readers may contact Holly Frymoyer of the PUC's Bureau of Consumer Services at (717) 783-1628 or by email at mfrymoyer@state.pa.us.

Glossary of Terms

Competitive Local Exchange Carrier (CLEC) - A telecommunications provider that competes with other already established telecommunications providers to provide local telephone service.

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

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

Cramming - The submission or inclusion of unauthorized, misleading or deceptive charges for products or services on an end-user customer's local telephone bill.

Customer Assistance Programs (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.

Incumbent Local Exchange Carriers (ILEC) - A telecommunications company that was providing local telephone service in 1996 to customers in a specific geographic area designated by the Federal Communications Commission and held a certificate from the Public Utility Commission.

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 BCS 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.

Local Exchange Carrier (LEC) - A public utility which provides basic telephone service either exclusively or in addition to toll service.

Natural Gas Distribution Company (NGDC) - A natural gas utility regulated by the PUC that owns the gas lines and equipment necessary to deliver natural gas to the consumer.

Natural Gas Supplier (NGS) - An entity other than an NGDC that sells or arranges to sell natural gas to customers using the distribution lines of an NGDC.

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

Payment Arrangement Requests (PARs) - Consumer requests for payment arrangements principally include contacts to BCS 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 BCS's first contact with the company regarding a complaint, to the date on which the utility provides BCS with its report regarding the complaint. Response time quantifies the speed of a utility's response to BCS informal complaints.

Slamming - The unauthorized switching of a customer's service provider. In telecommunications, slamming refers to changing a customer's local exchange carrier or primary long-distance service provider without the customer's consent. In electric and gas, slamming refers to changing the customer's supply provider without customer authorization.

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

Appendices

Appendix A

2006 Residential Consumer Complaints for Companies Not Included in Industry Chapters

Company*	Number of Complaints
ELECTRIC	
Pike County Light & Power (EDC)	6
Other Non-Major Electric Distribution Companies (EDCs)**	4
Commerce Energy (EGS)	12
Other Electric Generation Suppliers (EGSs)**	6
Total Non-Major Electric	28
GAS	
GASCO Distribution Systems, Inc. (NGDC)	8
PPL Utilities (NGDC)	57
T.W. Phillips (NGDC)	63
Other Non-Major NGDCs**	17
Shipleigh Oil Company (NGS)	18
CNG Retail Services Corp. (NGS)	27
Other Natural Gas Suppliers (NGSs)**	10
Total Non-Major Gas	200
TELEPHONE	
Conestoga Telephone (ILEC)	7
Frontier Communications of Pennsylvania (ILEC)	5
North Pittsburgh Telephone Company (ILEC)	8
Other Non-Major ILECs**	34

* Only those non-major companies having five or more residential consumer complaints in 2006 are listed individually. Non-major companies having fewer than five residential consumer complaints in 2006 are included in the appropriate general category for their industry, i.e. "Other Non-Major Electric Distribution Companies" or "Other CLECs," etc.

** Total number of complaints for those companies having fewer than five residential consumer complaints.

Appendix A (Continued)
2006 Residential Consumer Complaints for
Companies Not Included in Industry Chapters

Company*	Number of Complaints
TELEPHONE (Continued)	
ACN Communications Services (CLEC)	30
CAT Communications (CLEC)	6
Cavalier Telephone Mid-Atlantic (CLEC)	237
Cordia Communications Corp. (CLEC)	72
CTSI (CLEC)	8
Full Service Network (CLEC)	110
IDT America (CLEC)	66
Line Systems (CLEC)	5
MyTel Company (CLEC)	12
New Rochelle Telephone (CLEC)	5
Sprint Communications (CLEC)	6
Talk America (CLEC)	12
Trinsic (CLEC)	41
Other CLECs**	18
Vartec Telecom Inc. (Reseller)	5
AT&T (IXC)	33
Sprint (IXC)	6
Worldcom/MCI (IXC)	13
Voice over Internet Protocol (VoIP) Providers	43
Wireless Phone Service Providers	10
Other Providers of Telecommunications Services**	81
Total Non-Major Telephone	873

* Only those non-major companies having five or more residential consumer complaints in 2006 are listed individually. Non-major companies having fewer than five residential consumer complaints in 2006 are included in the appropriate general category for their industry, i.e. "Other Non-Major Electric Distribution Companies" or "Other CLECs," etc.

** Total number of complaints for those companies having fewer than five residential consumer complaints.

Appendix B-1

Classification of Consumer Complaints Electric, Gas & Water

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.

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.

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.

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.

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.

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).

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

Personnel Problems - Complaints about performance by company personnel: a company representative did not finish the 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.

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

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 Commission (defactos).

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 B-2

Classification of Consumer Complaints Telephone

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 or initiate an investigation, and problems with auto dialers and fax machines.

Audiotex - Complaints about the company's failure to resolve billing problems related to special phone entertainment or information services. (In 2006, BCS evaluated only two residential consumer complaint in this category. Due to this low volume, the complaints about audiotex are included in the "all other problems" category.)

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.

Competition - Complaints about changing/switching service providers, slamming, cramming, competition-related billing problems, contracts, competition-related service problems and all other problems associated with competition in the telecommunications marketplace.

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.

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.

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. (In 2006, BCS evaluated no residential consumer complaints about "rates.")

Sales Nonbasic Services - Complaints related to the sale of nonbasic services including the availability of certain services. (In 2006, BCS evaluated only three residential consumer complaints about "sales nonbasic services." Due to this low volume, the complaints in this category are included in the "all other problems" category.)

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

Service Termination - Complaints about suspension or termination procedures when there is no need for a payment arrangement.

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

Unsatisfactory Service - Complaints about poor service quality, 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.

All Other Problems - All other complaints that do not fit into the above categories, including, but not limited to, complaints about extended area of service and the expansion of local calling areas, excessive rates from operator services that provide phone service to hospitals and hotels, and excessive coin phone rates. In 2006 this category also included complaints about audiotex, rates and sales of nonbasic service since the volume of complaints about these issues was very small.

Appendix C - Table 1
Consumer Complaint Categories: 2006*
Major Electric Distribution Companies

Categories**	Allegheny Power	Duquesne	Met-Ed	PECO***	Penelec	Penn Power	PPL	UGI-Elec.	Electric Majors
Service Interruptions	19	20	40	101	17	2	36	0	235
Credit and Deposits	73	72	17	22	11	7	16	4	222
Billing Disputes	20	24	30	63	14	3	61	3	218
Metering	27	11	19	19	21	5	46	4	152
Service Quality	10	13	8	91	4	3	14	1	144
Discontinuance/Transfer	12	16	9	29	8	4	34	4	116
Personnel Problems	9	35	6	39	8	0	12	1	110
Damages	18	12	6	31	15	4	12	1	99
Scheduling Delays	8	7	4	43	6	2	6	0	76
Service Extensions	16	7	10	4	17	1	7	1	63
Other Payment Issues	2	8	2	12	6	3	17	5	55
Rates	1	2	3	2	1	0	3	0	12
All Other Problems	16	25	5	4	2	1	3	2	58
Total*	231	252	159	460	130	35	267	26	1,560

* Categories are for residential complaints evaluated by BCS as of May 25, 2007, whether or not the case outcome was found to be "justified."

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

*** PECO statistics include electric and gas.

Appendix C - Table 2
Consumer Complaint Categories: 2006*
Major Natural Gas Distribution Companies

Categories**	Columbia	Dominion	Equitable	NFG	PGW	UGI-Gas	UGI Penn Natural	Gas Majors
Credit and Deposits	29	168	223	57	6	105	9	597
Metering	58	120	165	24	16	59	5	447
Billing Disputes	39	73	126	17	82	30	17	384
Discontinuance/Transfer	37	35	54	23	55	24	5	233
Other Payment Issues	14	46	35	7	17	10	2	131
Personnel Problems	20	21	37	8	10	15	3	114
Service Quality	20	21	15	4	2	6	2	70
Service Extensions	21	14	18	6	2	1	4	66
Scheduling Delays	16	16	7	7	1	4	0	51
Damages	11	17	10	4	2	1	1	46
Rates	5	12	2	0	1	0	0	20
Service Interruptions	1	0	0	0	0	1	0	2
All Other Problems	12	11	20	3	16	7	3	72
Total*	283	554	712	160	210	263	51	2,233

* Categories are for residential complaints evaluated by BCS as of May 25, 2007, whether or not the case outcome was found to be "justified."

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

Appendix C - Table 3
Consumer Complaint Categories: 2006*
Major Water Utilities

Categories**	Aqua Pennsylvania	PA-American	Other "Class A" Water***	All "Class A" Water
Billing Disputes	58	112	4	174
Service Quality	18	50	15	83
Metering	12	69	1	82
Personnel Problems	6	20	4	30
Damages	5	22	1	28
Discontinuance/Transfer	6	21	1	28
Credit and Deposits	15	8	0	23
Service Extensions	2	11	2	15
Other Payment Issues	2	11	0	13
Scheduling Delays	4	5	1	10
Service Interruptions	2	7	1	10
Rates	0	1	0	1
All Other Problems	10	10	0	20
Total*	140	347	30	517

* Categories are for all residential complaints evaluated by BCS as of May 25, 2007, whether or not the case outcome was found to be "justified."

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

*** BCS was unable to review enough 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

Appendix C - Table 4
Consumer Complaint Categories: 2006*
Major Local Telephone Companies

Categories**	AT&T Local	Comcast	Embarq	Frontier Common-wealth	MCI Local	RCN	Verizon North	Verizon PA	Wind-stream	Telephone Majors
Service Delivery	23	46	32	8	59	12	126	580	23	909
Unsatisfactory Service	11	17	19	5	45	3	102	461	32	695
Billing Disputes	25	22	125	14	58	19	49	261	22	595
Service Termination	8	25	53	9	66	10	32	263	11	477
Competition	6	14	7	1	47	8	6	53	0	142
Toll Services	1	1	17	4	2	0	0	54	0	79
Credit & Deposits	2	5	4	6	1	2	10	31	13	74
Discontinuance/Transfer	2	0	7	2	15	0	2	45	0	73
Non-Recurring Charges	1	0	3	0	0	1	3	21	0	29
Annoyance Calls	0	0	2	0	1	1	1	4	1	10
All Other Problems	1	31	6	3	2	1	6	30	3	83
Total*	80	161	275	52	296	57	337	1,803	105	3,166

* Categories are for all residential complaints evaluated by BCS as of May 25, 2007, whether or not the case outcome was found to be justified.

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

Appendix D - Table 1
2005-06 Residential Consumer Complaint Statistics
Major Electric Distribution Companies

Company Name	2006 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints			
		2005	2006	% Change in #	2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006		
Allegheny Power	607,934	437	452	3%	0.72	0.74	130	0.22	76	0.13
Duquesne	524,273	447	486	9%	0.85	0.93	68	0.13	58	0.11
Met-Ed	474,664	328	294	-10%	0.70	0.62	119	0.25	94	0.20
PECO	1,404,421	2,373	2,097	-12%	1.71	1.49	795	0.57	634	0.45
Penelec	505,566	309	240	-22%	0.61	0.47	102	0.20	59	0.12
Penn Power	139,114	81	59	-27%	0.58	0.42	26	0.19	12	0.09
PPL	1,187,372	685	527	-23%	0.58	0.44	110	0.09	71	0.06
UGI-Electric	54,065	46	49	7%	0.85	0.91	10	0.19	11	0.20
Major Electric	4,897,409	4,706	4,204	-11%			1,360		1,015	
Average of Rates					0.82⁴	0.73⁴		0.24⁴		0.17⁴

¹ Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers.

² Estimated based on the number of cases on CSIS as of May 25, 2007.

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

⁴ Does not include UGI-Electric.

Appendix D - Table 2
2005-06 Residential Consumer Complaint Statistics
Major Natural Gas Distribution Companies

Company Name	2006 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints			
		2005	2006	% Change in #	2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006		
Columbia	364,309	516	564	9%	1.43	1.55	117	0.32	90	0.25
Dominion	324,764	718	1,053	47%	2.22	3.24	217	0.67	283	0.87
Equitable	232,039	1,491	1,392	-7%	6.27	6.00	546	2.30	352	1.52
NFG	193,179	261	315	21%	1.35	1.63	53	0.27	39	0.20
PGW	478,572	2,606	1,813	-30%	5.48	3.79	1,038*	2.18*	699*	1.46*
UGI-Gas	284,270	387	530	37%	1.40	1.86	48	0.17	81	0.28
UGI Penn Natural	140,583	88	99	13%	0.63	0.70	9	0.06	4	0.03
Major Gas	2,017,716	6,067	5,766	-5%			2,028		1,548	
Average of Rates					2.68	2.68		0.85		0.66

¹ Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers.

² Estimated based on the number of cases on CSIS as of May 25, 2007.

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

* For 2005 and 2006, due to the low volume of cases evaluated for PGW, the number of justified consumer complaints and the justified consumer complaint rate for PGW are not based on a statistically valid sample of cases.

Appendix D - Table 3
2005-06 Residential Consumer Complaint Statistics
Major Water Utilities

Company Name	2006 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints			
		2005	2006	% Change in #	2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006		
Aqua Pennsylvania	371,959	311	268	-14%	0.98	0.72	98	0.31	69	0.19
PA-American	577,169	731	685	-6%	1.28	1.19	312	0.55	186	0.32
Other "Class A" Water	122,652	127	53	-58%	0.80	0.43	40*	0.25*	9*	0.07*
Major Water	1,071,780	1,169	1,006	-14%			450		264	
Average of Rates					1.02	0.78		0.37		0.19

¹ Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers.

² Estimated based on the number of cases on CSIS as of May 25, 2007.

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

* BCS was unable to review enough 2005 and 2006 consumer complaints to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

Appendix D - Table 4
2005-06 Residential Consumer Complaint Statistics
Major Local Telephone Companies

Company Name	2006 Residential Customers	Residential Consumer Complaints to BCS			Consumer Complaint Rates ¹		Justified Consumer Complaints	
		2005	2006	% Change in #	2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006
AT&T Local	43,310	172	94	-45%	2.91	2.17	1.98	1.27
Comcast	101,622	232	193	-17%	2.02	1.90	0.98	0.99
Embarq	260,228	381	333	-13%	1.38	1.28	0.48	0.48
Frontier Commonwealth	177,290	68	59	-13%	0.37	0.33	0.15	0.06
MCI Local	128,742	739	362	-51%	3.77	2.81	2.40	2.04
RCN	78,292	60	65	-8%	0.79	0.83	0.43	0.52
Verizon North	428,205	432	417	-3%	1.01	0.97	0.53	0.59
Verizon PA	2,731,874	4,963	5,448	10%	1.55	1.99	0.80*	1.13*
Windstream	161,937	129	126	-2%	0.77	0.78	0.34	0.30
Major Telephone	4,111,500	7,176	7,097	-1%			3,746	3,980
Average of Rates					1.46⁴	1.36⁴	0.76⁴	0.76⁴

¹ Consumer Complaint Rate = Consumer Complaints per 1,000 Residential Customers.

² Estimated based on the number of cases on CSIS as of May 25, 2007.

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

⁴ Does not include AT&T Local.

* Based on a probability sample of cases.

Appendix E - Table 1
2005-06 Residential Payment Arrangement Request Statistics
Major Electric Distribution Companies

Company Name	2006 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS		Payment Arrangement Request Rates ¹	Justified Payment Arrangement Requests*					
		2005	2006		% Change in #	2005	2006			
Allegheny Power	607,934	2,787	2,169	-22%	4.61	3.57	481	200	0.80	0.33
Duquesne	524,273	4,594	2,859	-38%	8.76	5.45	624	57	1.19	0.11
Met-Ed	474,664	2,134	1,303	-39%	4.57	2.75	377	104	0.81	0.22
PECO	1,404,421	11,883	7,520	-37%	8.57	5.35	1,025	300	0.74	0.21
Penelec	505,566	2,676	1,427	-47%	5.30	2.82	396	115	0.78	0.23
Penn Power	139,114	1,082	603	-44%	7.81	4.33	176	35	1.27	0.25
PPL	1,187,372	4,001	8,702	118%	3.41	7.33	780	435	0.66	0.37
UGI-Electric	54,065	461	429	-7%	8.56	7.93	43	23	0.80	0.43
Major Electric	4,897,409	29,618	25,012	-16%			3,902	1,269		
Average of Rates					6.15⁴	4.52⁴			0.89⁴	0.25⁴

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

² Estimated based on a probability sample of cases and/or the number of cases on CSIS as of May 25, 2007.

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

⁴ Does not include UGI-Electric.

* Each company's figures are based on a probability sample of cases except for UGI-Electric.

Appendix E - Table 2
2005-06 Residential Payment Arrangement Request Statistics
Major Natural Gas Distribution Companies

Company Name	2006 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS		% Change in #	Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests*			
		2005	2006		2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006		
Columbia	364,309	1,886	1,702	-10%	5.23	4.67	189	0.52	66	0.18
Dominion	324,764	3,631	2,035	-44%	11.21	6.27	754	2.33	185	0.57
Equitable	232,039	5,547	3,065	-45%	23.34	13.21	1,023	4.30	558	2.40
NFG	193,179	1,768	2,033	15%	9.13	10.52	159	0.82	155	0.80
PGW	478,572	6,753	5,096	-25%	14.20	10.65	1,189	2.50	544	1.14
UGI-Gas	284,270	2,837	2,410	-15%	10.26	8.48	309	1.12	212	0.75
UGI Penn Natural	140,583	764	910	19%	5.45	6.47	65	0.46	14	0.10
Major Gas	2,017,716	23,186	17,251	-26%			3,668		1,734	
Average of Rates					11.26	8.61		1.72		0.85

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

² Estimated based on a probability sample of cases and/or the number of cases on CSIS as of May 25, 2007.

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

* Based on a probability sample of cases.

Appendix E - Table 3
2005-06 Residential Payment Arrangement Request Statistics
Major Water Utilities

Company Name	2006 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS		% Change in #	Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests			
		2005	2006		2005	2006	Numbers ² / Rates ³ 2005		Numbers ² / Rates ³ 2006	
Aqua Pennsylvania	371,959	838	987	18%	2.63	2.65	94	0.29	62	0.17
PA-American	577,169	3,661	2,301	-37%	6.43	3.99	643	1.13	274	0.47
Other "Class A" Water	122,652	425	130	-69%	2.67	1.06	15*	0.09*	0*	0.00*
Major Water	1,071,780	4,924	3,418	-31%			752		336	
Average of Rates					3.91	2.57		0.51		0.21

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

² Estimated based on a probability sample of cases and/or the number of cases on CSIS as of May 25, 2007.

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

* BCS was unable to review enough 2005 and 2006 payment arrangement requests to draw valid conclusions about the performance of the group of small water companies categorized as "Other Class A."

Appendix E - Table 4
2005-06 Residential Payment Arrangement Request Statistics
Major Local Telephone Companies

Company Name	2006 Residential Customers	Residential Payment Arrangement Requests (PARs) to BCS			Payment Arrangement Request Rates ¹		Justified Payment Arrangement Requests			
		2005		2006	% Change in #	2005	2006	2005	2006	
		2005	2006	2006	% Change in #	2005	2006	Numbers ² /Rates ³ 2005	Numbers ² /Rates ³ 2006	
AT&T Local	43,310	6	16	166%	0.10	0.37	6	10	0.10	0.25
Comcast	101,622	79	69	-13%	1.56	0.68	69	33	0.60	0.34
Embarq	260,228	70	56	-20%	0.25	0.22	36	14	0.13	0.06
Frontier Commonwealth	177,290	23	22	-4%	0.13	0.12	20	8	0.11	0.05
MCI Local	128,742	260	114	-56%	1.32	0.89	234	79	1.19	0.62
RCN	78,292	17	14	-18%	0.22	0.18	11	11	0.14	0.15
Verizon North	428,205	205	116	-43%	0.48	0.27	81	36	0.19	0.10
Verizon PA	2,731,874	1,539	1,358	-12%	0.48	0.50	494*	113*	0.15*	0.17*
Windstream	161,937	58	34	-41%	0.35	0.21	35	14	0.21	0.09
Major Telephone	4,111,500	2,357	1,799	-24%			986	316		
Average of Rates					0.60⁴	0.38⁴			0.34⁴	0.20⁴

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

² Estimated based on the number of cases on CSIS as of May 25, 2007.

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

⁴ Does not include AT&T Local.

* Based on a probability sample of cases.

Appendix F – Table 1
Chapter 56 and Chapter 14 Infraction Categories: 2006*
Major Electric Distribution Companies

Description	Allegheny Power		Duquesne		Met-Ed		PECO		Penelec		Penn Power		PPL		UGI-Electric	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Billing and Payment (56.2-Def. of Billing Month, 56.2-Def. of Billing Period, 56.11, 56.15 and 56.21)	0	0%	0	0%	3	6%	1	2%	5	19%	1	17%	12	55%	3	27%
Meter Reading (56.12)	0	0%	0	0%	8	17%	13	29%	5	19%	1	17%	2	9%	0	0%
Make-Up Bills (56.14)	0	0%	0	0%	1	2%	1	2%	3	11%	1	17%	1	5%	3	27%
Transfer of Accounts (56.16-Secretarial Letter re: third party request for service)	0	0%	0	0%	2	4%	2	4%	0	0%	1	17%	0	0%	0	0%
Credit Standards and Deposits (56.32-37, 1404 (A)-(C) and 1404 (E)-(H))	19	58%	9	45%	11	23%	1	2%	3	11%	0	0%	1	5%	1	9%
Termination Grounds (56.81-83, 1406 (A) and 1406 (C))	1	3%	3	15%	0	0%	1	2%	0	0%	0	0%	0	0%	0	0%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.

Appendix F – Table 1 (Continued)
Chapter 56 and Chapter 14 Infraction Categories: 2006*
Major Electric Distribution Companies

Description	Allegheny Power		Duquesne		Met-Ed		PECO		Penelec		Penn Power		PPL		UGI-Electric	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Termination Procedures (56.91-97, 1406 (B), 1406 (D)-(F) and 1406 (H))	0	0%	1	5%	3	6%	1	2%	4	15%	1	17%	0	0%	0	0%
Reconnection of Service (56.191 and 1407 (A)-(C))	3	9%	0	0%	1	2%	2	4%	0	0%	0	0%	0	0%	0	0%
Liability - Responsibility for Bills (1403-Def. of Applicant, 1403-Def. of Customer, 1404 (D) and 1407 (D)-(E))	0	0%	3	15%	0	0%	1	2%	0	0%	0	0%	0	0%	2	18%
Landlord/Ratepayer (1521-1533)	0	0%	1	5%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Dispute Handling (56.2-Def. of Dispute and 56.141-152)	10	30%	2	10%	18	38%	21	47%	7	26%	1	17%	6	27%	2	18%
Other (56.72, 56.202 and 66.1312)	0	0%	1	5%	1	2%	1	2%	0	0%	0	0%	0	0%	0	0%
Total**	33	100%	20	100%	48	100%	45	98%	27	101%	6	102%	22	101%	11	99%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.

% equals the percent of the total number of infractions for a particular company.

** % columns may total more or less than 100 percent due to rounding.

Appendix F – Table 2
Chapter 56 and Chapter 14 Infraction Categories: 2006*
Major Natural Gas Distribution Companies

Description	Columbia		Dominion		Equitable		NFG		PGW		UGI – Gas		UGI – Penn Natural	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Billing and Payment (56.2-Def. of Billing Month, 56.2-Def. of Billing Period, 56.11, 56.15 and 56.21)	0	0%	20	9%	30	10%	4	10%	10	9%	1	2%	0	0%
Meter Reading (56.12)	6	12%	68	30%	112	36%	2	5%	10	9%	9	16%	0	0%
Make-Up Bills (56.14)	16	33%	19	8%	32	10%	0	0%	3	3%	4	7%	0	0%
Transfer of Accounts (56.16-Secretarial Letter re: third party request for service)	0	0%	13	6%	5	2%	0	0%	14	13%	3	5%	0	0%
Credit Standards and Deposits (56.32-37, 1404 (A)-(C) and 1404 (E)-(H))	2	4%	36	16%	36	11%	24	62%	16	15%	23	41%	4	80%
Termination Grounds (56.81-83, 1406 (A) and 1406 (C))	5	10%	5	2%	7	2%	0	0%	6	6%	1	2%	0	0%
Termination Procedures (56.91-97, 1406 (B), 1406 (D)-(F) and 1406 (H))	1	2%	1	<1%	2	1%	0	0%	3	3%	0	0%	0	0%
Reconnection of Service (56.191 and 1407 (A)-(C))	1	2%	2	1%	2	1%	1	3%	8	7%	3	5%	0	0%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.

Appendix F – Table 2 (Continued)
Chapter 56 and Chapter 14 Infraction Categories: 2006*
Major Natural Gas Distribution Companies

Description	Columbia		Dominion		Equitable		NFG		PGW		UGI – Gas		UGI – Penn Natural	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Liability - Responsibility for Bills (1403-Def. of Applicant, 1403-Def. of Customer, 1404 (D) and 1407 (D)-(E))	2	4%	3	1%	8	3%	1	3%	6	6%	3	5%	1	20%
Landlord/Ratepayer (1521-1533)	2	4%	3	1%	3	1%	0	0%	2	2%	0	0%	0	0%
Dispute Handling (56.2-Def. of Dispute and 56.141-152)	13	27%	58	25%	75	24%	5	13%	24	22%	8	14%	0	0%
Other (56.1, 56.2-Def, of Notice, 56.13, 56.31, 56.72, 56.202, 66.1312, PGW Tariff-Senior Citizen Discount)	1	2%	2	1%	3	1%	2	5%	6	6%	1	2%	0	0%
Total**	49	100%	230	100%	315	102%	39	101%	108	101%	56	99%	5	100%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.
 ** % columns may total more or less than 100 percent due to rounding.

Appendix F - Table 3
Chapter 56 and Chapter 14 Infraction Categories: 2006*
Major Water Companies

Description	Aqua Pennsylvania		PA-American		Other "Class A"	
	#	%	#	%	#	%
Billing and Payment (56.2-Def. of Billing Month, 56.2-Def. of Billing Period, 56.11, 56.15 and 56.21)	0	0%	2	2%	0	0%
Meter Reading (56.12)	2	6%	15	11%	0	0%
Make-Up Bills (56.14)	2	6%	13	10%	1	33%
Transfer of Accounts (56.16-Secretarial Letter re: third party request for service)	1	3%	1	1%	1	33%
Credit Standards and Deposits (56.32-37, 1404 (A)-(C) and 1404 (E)-(H))	0	0%	19	14%	0	0%
Termination Grounds (56.81-83, 1406 (A) and 1406 (C))	1	3%	2	2%	1	33%
Termination Procedures (56.91-97, 1406 (B), 1406 (D)-(F) and 1406 (H))	1	3%	11	8%	0	0%
Reconnection of Service (56.191 and 1407 (A)-(C))	1	3%	0	0%	0	0%
Liability - Responsibility for Bills (1403-Def. of Applicant, 1403-Def. of Customer, 1404 (D) and 1407 (D)-(E))	1	3%	1	1%	0	0%
Landlord/Ratepayer (1521-1533)	0	0%	1	1%	0	0%
Dispute Handling (56.2-Def. of Dispute and 56.141-152)	25	71%	66	50%	0	0%
Other (56.1, 56.2-Def. of Notice, 56.72 and 66.1312)	1	3%	2	2%	0	0%
Total**	35	101%	133	102%	3	99%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.
 ** % columns may total more or less than 100 percent due to rounding.

Appendix F – Table 4
Chapter 63 Infraction Categories: 2006*
Major Local Telephone Companies

Description	AT&T Local		Comcast		Embarq		Frontier Common-wealth		MCI Local		RCN		Verizon North		Verizon PA		Wind-stream	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Complaint Procedures (63.15)	24	43%	15	27%	8	22%	5	36%	21	13%	2	14%	66	17%	345	15%	9	45%
Service Records (63.22)	10	18%	24	44%	3	8%	9	64%	2	1%	0	0%	7	2%	74	3%	0	0%
Customer Trouble Reports (63.57)	16	29%	12	22%	17	46%	0	0%	97	58%	10	71%	278	71%	1,792	76%	10	50%
Installation of Service (63.58)	6	11%	1	2%	2	5%	0	0%	37	22%	0	0%	26	7%	82	3%	1	5%
Migration (63.201-221)	0	0%	3	5%	4	11%	0	0%	7	4%	2	14%	2	1%	36	2%	0	0%
Other (63.21, 63.24, 63.53 and 63.59)	0	0%	0	0%	3	8%	0	0%	2	1%	0	0%	10	3%	22	1%	0	0%
Total**	56	101%	55	100%	37	100%	14	100%	166	99%	14	99%	389	101%	2,351	100%	20	100%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.
 ** % columns may total more or less than 100 percent due to rounding.

Appendix F – Table 5
Chapter 64 Infraction Categories: 2006*
Major Local Telephone Companies

Description	AT&T Local		Comcast		Embarq		Frontier Common-wealth		MCI Local		RCN		Verizon North		Verizon PA		Wind-stream	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Billing and Payment (64.1, 64.11-14 and 64.16-21)	11	11%	14	16%	70	37%	1	5%	95	20%	21	30%	32	26%	146	22%	9	17%
Slamming and Cramming (64.23)	0	0%	0	0%	7	4%	4	21%	0	0%	0	0%	1	1%	9	1%	3	6%
Credit and Deposits (64.31-37)	3	3%	0	0%	1	1%	2	11%	2	<1%	2	3%	4	3%	37	5%	12	23%
Suspension and Termination (64.61, 64.63, 64.71-74, 64.81, 64.101-103, 64.105, 64.107, 64.121-123 and 64.181)	9	9%	44	49%	59	31%	6	32%	242	50%	20	29%	34	27%	204	30%	12	23%
Dispute Procedures (64.141-142 and 64.153)	69	71%	29	33%	49	26%	6	32%	120	25%	21	30%	50	40%	261	39%	14	27%
Other (64.2, 64.52-53 and 64.191-192)	5	5%	2	2%	4	2%	0	0%	21	4%	5	7%	3	2%	18	3%	2	4%
Total**	97	99%	89	100%	190	101%	19	101%	480	99%	69	99%	124	99%	675	100%	52	100%

* # equals the number of verified infractions identified by BCS as of July 5, 2007.
 % equals the percent of the total number of infractions for a particular company.
 ** % columns may total more or less than 100 percent due to rounding

Consumer Access to the Public Utility Commission

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

Termination Hotline:	1-800-692-7380
Complaint Hotline:	1-800-782-1110
Utility Choice 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 Internet:
www.puc.state.pa.us

Information about Utility Choice is available on the Internet:
www.puc.state.pa.us/utilitychoice

Pennsylvania Public Utility Commission
P.O. Box 3265
Harrisburg, PA 17105-3265
www.puc.state.pa.us