



# Consumer Services

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## Definitions

- **Residential customer** – any person who receives energy services at a dwelling used in whole or in part as his residence and where business rates do not apply to the service
- **Non-Residential customer** – any person, or corporation who receives energy services at a dwelling that is not a residence under a utility's tariff
  - Service classifications, and utility tariffs, or agreements between the non-residential customer and Energy Service Companies (ESCOs), determines the type of non-residential customer and the applicable rates.
    - seasonal, demand meter customer, industrial customer
- **Distribution Utility** – Gas or Electric corporations that own, operate or manage facilities to generate and distribute services to customers. They are regulated by the PSC and tariffs apply. Consumer protections overseen by PSC
- **Tariff** – a schedule of rates, terms and conditions of services provided by a distribution utility
- **ESCO** – an entity eligible to sell electricity and/or natural gas to end-use customers using the transmission or distribution system of a utility. Tariff does not apply. Consumer protections overseen by PSC
- **UBP** – Provides standard state-wide business procedures for distribution utilities working with ESCOs. Currently working towards strengthening rules regarding marketing standards.



## Case Study: *Utility Consumer Assistance*

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- *Establish laws/regulations to protect consumers*
- *Establish organization to enforce regulations and advocate for consumers*
- *Build relationships with utilities*
- *Solicit outreach assistance from community organizations*
- *Resolve consumer complaints and monitor complaint statistics*
- *Reduce complaint levels by promoting improved utility customer service*
- *Regulate consumer protections in a competitive market*



# Establish Consumer Protections

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## 1981

- Office of Consumer Services (OCS) established launching the first:
  - centralized complaint office
  - outreach and education effort
  - consumer advocacy initiative
- Home Energy Fair Practices Act (HEFPA)
  - State policy established -- *the continued provision of gas, electric and steam service to residential customers without unreasonable qualifications or lengthy delays is necessary for the preservation of the health and general welfare and is in the public interest*
  - Provisions cover elements of basic service to residential customers
    - Applications and Terminations
    - Billing
    - Protections for special populations



## **Build Relationships with Utilities and Consumer Groups**

- Developed strong working relationship between OCS staff and employees of distribution utility companies
- OCS held community and community leader education workshops regarding
  - HEFPA and complaint handling
  - Energy conservation measures and grant programs
- OCS hosted education programs with panelists from local distribution utility companies, community organizations and consumer advocates
- OCS directed distribution utilities to establish education programs for the public that had to be reviewed by OCS
- OCS directed utilities to create training programs about HEFPA and non-residential rules for their customer service staff
- After approval, OCS directed distribution utilities to conduct education programs, promote educational material and implement strong customer service centers to satisfy customer complaints



## **Work with Consumer Advocates and Social Service Agencies**

- **Consumer Advocates**
  - *Local community leaders with ethnic and socio-economic diversity*
  - *Community Social Service Agencies*
  - *Local Governments*
- **State Social Services**
  - *Managers of the Home Energy Assistance Program and numerous programs to assist payment troubled energy customers*



# Consumer Complaint Handling

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## Complaint Handling

Consumers can file by internet, telephone, letter or in person

- Initial Complaint - Service providers are requested to contact the customer to resolve the concern (to ensure that utilities fulfill their obligation to provide effective customer service)
- Escalated Complaint - If unresolved, consumers can request that the matter be investigated and the findings reported to the consumer and utility
- Consumer must pay the portion of their bill that is not in dispute or service may be terminated by the utility



## Consumer Complaint Activity Data Tracking and Uses

- Complaint codes identify the nature of each complaint
  - *Billing, Service, Tariff Disputes, Collections Issues and ESCO marketing complaints*
- Staff analyzes data for trends within an industry, for specific utilities or localities, etc.
- Shares data analysis with Department staff, the public and utilities
- Uses data to identify trends requiring corrective action by utilities
- Monitors the Customer Service Response Index (CSRI) to identify the level of customer service and responsiveness delivered by each service provider under the Commission's jurisdiction





# Customer Service Performance Incentives

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- NYSPSC uses performance-based ratemaking mechanisms for customer service for major natural gas and electricity utilities
  - **Each customer service performance incentive (CSPI) has two core elements:**
    - PSC complaint rate
    - Customer satisfaction as measured by one or more surveys



# Customer Service Performance Incentives

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- **Many CSPIs include additional measures**
  - **Some based on PSC's standard performance indicators**
    - % of appointments kept
    - % of telephone calls answered in 30 seconds
    - % of bills adjusted
    - % of estimated bill readings
  - **Some based on other measures to address specific issues requiring utility attention**



# Customer Service Performance Incentives

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- **CSPIs specify target levels of performance**
  - Designed to ensure that customer service does not deteriorate from acceptable levels
  - Targets are achievable
- **CSPIs specify amounts at risk**
  - Negative incentives are considered more appropriate than financial awards. Amounts at risk reflect:
    - “Headroom” between the target and the utility’s typical performance
    - Amount needed to prompt attention of utility management
    - Costs of achieving targets
    - Impact on utility’s financial standing



# Maintain a Relationship with Distribution Utilities

## GOAL

- Build and maintain strong relations between utility customer service executives and Office of Consumer Service managers

## BEST PRACTICE SOLUTION

- Utility companies form the Complaint Manager User Group (CMUG) in Oct 1995
  - *Working with OCS managers CMUG members share complaint resolution experiences and difficulties in an open forum to promote favorable results for consumers, utilities and OCS.*
  - *Meetings are held quarterly with OCS*

## ACCOMPLISHMENTS

- Streamline complaint handling and reduce complaint volumes
  - CSRI: sharing results of utilities' level of customer service and responsiveness
  - Provide companies with direct internet access to OCS complaints to file responses and ask questions related to individual complaints



## Energy Service Companies

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- **1996** – *New York State introduced competition allowing private marketers, called Energy Service Companies (ESCOs), to compete with (regulated) distribution utilities to provide customers with energy supply*
- **2002** - *Amended HEFPA to require ESCOs to provide their customers with protections similar to those afforded to customer of local distribution (regulated) utilities*
  - Allows utility and ESCO customers to file a complaint with the PSC if a customer has not obtained a satisfactory resolution of the dispute
  - Exception for ESCO non-residential customers - contractual arrangement may dictate an alternative complaint resolution process
- **2007**
  - Total number of energy customers in NYS: 10 million
  - Customers receiving supply from an ESCO: 1.6 million
    - Electric: 960,000
    - Gas: 590,000



## **Consumer Protections in a Competitive Market**

- The Public Service Commission continues to oversee the safety and reliability of the delivery system
- Gas and electric service continues to be delivered through utility-owned wires and pipes
- Distribution utilities read meters and issues bills
- Consumer protections for service issues are in place for customers who purchase supply from ESCOs or the distribution utility
- PSC does not have jurisdiction regarding the contracted rates



## **Build Relationships With Energy Service Companies**

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### **ESCOs**

- Discuss complaint trends/concerns with individual ESCOs
- Meet with trade associations
- Encourage positive marketing efforts
- Encourage customer education about rates and services which allow the customer to make an informed decision



## Today We Carry Out Our Mission By

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- Providing direct and timely assistance to consumers in resolving disputes involving utility service
- Identifying barriers that restrict access to service for all consumers
- Ensuring that utility and ESCO providers are in compliance with rules and policies that protect consumers
- Working with other Department offices to ensure that they are aware of and responsive to consumers' needs
- Educating consumers on Commission programs and policies that affect them





## 2009 Statistics

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- *Calls Received: 282,000*
- *Consumers Assisted by a PSC Representative: 95,000*
- *Consumer Calls Handled Electronically: 182,000*
- *Consumer Assistance Requests by Internet, Fax and Mail: 11,000*
- *Complaints Resolved: 35,000*
- *Credits and Refunds: 4 million*
- *Web Site Hits: 3.75 million*
- *Outreach Events Attended: More than 250*
- *Outreach Material Distributed: 1.5 million bilingual material*