SECTION 7

CONSUMER SERVICES DIVISION

The **Consumer Services Division** assists the Commission in developing and enforcing consumer protection rules in all regulated industries. The Division facilitates consumer awareness in competitive markets by providing information and education consumers need to make informed choices regarding competing service providers, and alerts the Commission to consumer problems it needs to prevent or address. The Consumer Services Division also oversees consumer education programs.

Within the Consumer Services Division, the **Consumer Affairs Branch** answers general questions about utility services, helps consumers resolve informal complaints about utility service or unfair utility practices, and reports trends in consumer issues and complaints to the Commission for possible action. The **Enforcement Branch** investigates utility practices for compliance with applicable tariffs, rules, and statutes and provides advocacy support on a selective basis for consumers filing formal complaints. The **Utilities Safety Branch** oversees the safety of electric, propane, and natural gas systems.

FIVE TO TEN YEAR OUTLOOK

Developing competition in many traditionally-monopolistic utility markets will continue to place pressure on service providers to keep prices low and service quality high, but also will require regulatory vigilance to ensure firms are able to compete meaningfully and effectively, and to provide consumers with the information, analysis, conflict resolution, and advocacy services necessary to make intelligent decisions about utility purchases.

The Commission will continue to serve the interests of individual customers, and undertake actions to address broader consumer interests through two divisions. The Public Advisor's Office will continue to assist parties who seek to participate directly in Commission proceedings. The Consumer Services Division (CSD) will concentrate on serving consumers, and addressing consumer complaints and conflicts with utilities and service providers. CSD also will represent the needs of individual consumers in selected formal and informal proceedings and enforcement actions.

CSD will help consumers make informed choices through our many **consumer education programs**, and will continue to monitor education and marketing practices in emerging competitive telecommunications, gas, and electric industries. In addition, CSD will encourage formal Commission enforcement proceedings when warranted.

Increasing technological advances and the need to streamline the processing time for complaints requires CSD to **develop an interactive complaint process**.

Processing the increasing volume of consumer complaints has become time and labor intensive for CSD. Despite using available technological resources, the current complaint process still generates enormous amounts of redundant paper files, long response times between consumers-CSD-utilities and results in staff time that could be better spent in other consumer protection areas.

Currently, consumers file complaints by phone, mail or the Internet. Complaints are entered into a tracking system and copies are sent to the relevant stakeholder or utility for response. Upon receiving the stakeholder or utility's response, which can take time, CSD staff writes to the consumer detailing the disposition of their complaint.

Developing an interactive complaint process would allow CSD staff to scan these complaints into a computer for tracking purposes and transmit them electronically to the relevant stakeholder or utility for a response. The stakeholder or utility could then review and research the complaint and send their response back to CSD electronically for staff review. CSD can then advise the consumer of the disposition of their complaint via the Internet if the consumer has Internet access, or by mail. Such an interactive complaint process will enhance our ability to process consumer complaints more expeditiously. Developing such a complaint process will require CSD to obtain Commission, Legislative and Department of Finance approval.

Prepaid telephone debit cards are a relatively new long distance service alternative of the deregulated telecommunications industry. Figures indicate that in the United States, industry sales have grown from \$12 million in 1992 to \$2 billion in 1998. Unfortunately, along with the increased sales, consumers have experienced increased fraud relating to their purchase and/or misrepresentation of the terms, rates and conditions of service.

Increased consumer fraud has resulted in more consumer complaints brought to the attention of the Legislature. As a result, the Legislature enacted AB 1424 and AB 1994. AB 1424 clarifies that debit card providers of interexchange services are subject to Commission jurisdiction and registration requirements. AB 1994 requires that specified information be printed on the telephone debit card or packaging.

These legislatively-mandated CPUC oversight functions will significantly increase our enforcement activities beyond existing staff levels. The Legislature wants aggressive enforcement of the provisions of AB 1424 and AB 1994. The Commission is responding to this challenge by assigning a high priority to prepaid telephone debit card fraud and by increasing staff levels in CSD, Legal and ALJ divisions.

Cramming, a relatively new, and fast-growing, scam affecting telephone subscribers is distinct from "slamming", which is the unauthorized switching of a customer's long-distance telephone service. "Cramming" is the inclusion of

unauthorized, misleading, or deceptive charges for products or services on customers' local telephone bills. Often the charges "crammed" on the customer's bill are relatively small - less than \$10. Cramming is a frequent complaint of telephone subscribers and one of the by-products of the deregulation of the telecommunications industry.

The Legislature, with the support of the Commission and consumer groups, mandated a new consumer protection and enforcement program to address the rise in cramming and the recent escalation of complaints involving slamming. This new program is embodied in legislative bills SB 378 and AB 2142, which took effect this year. SB 378 and AB 2142 together call for a comprehensive consumer protection and enforcement program to address consumer abuses related to the billing of communications-related, and non-communications-related, goods and services billed on, or in the same envelope as, a telephone bill. AB 2142 requires that if the Commission receives more that 100 consumer complaints against a company for unauthorized telephone charges within any 90-day period, CSD is to open a formal or informal investigation of the company.

This legislatively-mandated enforcement program will significantly increase CPUC enforcement activities beyond existing staff levels. The Commission is currently increasing staff levels in the ALJ, Legal and CSD divisions to meet this enforcement challenge.

CSD has increased its surveillance of the **household goods moving** industry. As appropriate, staff takes enforcement actions; including seeking restraining orders in Superior Court or orders which appoint a receiver when a mover has abandoned property belonging to its customers under provisions of Section 5259.5 of the Public Utilities Code. Staff obtains "Findings of Probable Cause" orders from the court which direct phone companies to cut off phone service of unlicensed movers under procedures set forth in Section 5322 of the PU Code. In addition, CSD conducts investigations which result in criminal case complaint filings with local prosecutors and administrative Orders Instituting Investigation filed by the Commission. (Section 308.5 of the PU Code provides that persons employed as investigators and approved by the Commission have the authority of peace officers, as specified in Section 830.11 of the Penal Code while investigating laws administered by the Commission, shall be deemed to be acting within the scope of their employment in the commencement of any criminal prosecution arising from any investigation conducted under these laws.) The Commission, after hearing, may suspend, revoke the operating permits of household goods carriers, or impose other sanctions upon moving firms found to have violated provisions of the Household Goods Carriers Act (Public Utilities Code sections 5101, et seq.)

With the increase of **Electrical Service Providers** (ESP) during the first year that consumers were able to purchase electric service in a competitive market, CSD staff investigated and filed formal complaints of marketing fraud, collecting consumer deposits without providing service, and customer disputes of

unauthorized billing. CSD staff will continue to cooperate with other Federal and State regulatory agencies to provide assistance in ESP compliance.

1999 - 2000 CONSUMER AFFAIRS BRANCH (CAB) OBJECTIVES

Objective A: Provide a Simple, Effective Program for Receiving and
Resolving Consumer Concerns and Complaints

The Commission is a resource for consumers when problems or conflicts with service providers occur. Consumers call, write, or visit the CPUC to get information, voice dissatisfaction with Commission policies or practices, participate in cases to raise a specific point of view, complain about service or a bill, seek help in resolving a dispute between the customer and a utility, or report an unfair utility practice.

When a consumer contacts the CPUC, a Consumer Affairs Branch (CAB) representative may: serve as a conduit of opinion from the customer to the Commission; provide information and/or advice; evaluate the merits of a customer's complaint; serve as a mediator, helping the customer and utility resolve a dispute; or serve as an arbitrator, deciding how a dispute should be resolved. To ensure consumers who contact the CPUC receive clear, efficient service, we will improve coordination of customer service functions:

Strategy 1 Continue to Improve Responsiveness of CAB to Consumers:

- Develop and Implement Electronic Storage and Search and Retrieval Capabilities for CAB Documents.
- Working with the Regulatory Complaint Resolution (RCR) Forum, improve interactions with the utilities by instituting electronic exchange of information.
- Determine if expanded hours of operation are feasible (perform cost/benefit analysis of expanding CAB hours and trial expanded hours). (4th Quarter 1999)
- Establish a new unit within CAB to service the specialized needs of business consumers. (1st Quarter 2000)

•	Shorten time to close written complaints.	(Ongoing)
		(01-000)

- Reduce reliance on automated voice response system. (Ongoing)
- Fill vacancies, and increase the multilingual capabilities of Consumer Affairs staff. (3rd Quarter 1999)
- Designate a supervisor position within CAB to be responsible for quality control. (3rd Quarter 1999)

- **Strategy 2 Consumer Opinions:** CAB will handle calls from customers who express support or criticism for an existing utility practice or Commission policy. The CAB representative will explain that callers' opinions are reported to Commissioners, ask questions to fully understand a caller's comments, and express appreciation for the comments. CAB will regularly report to the Commission on the concerns callers raise. (Ongoing)
- **Strategy 3 Dispute Evaluation:** Sometimes parties find it easier to agree on resolution of a dispute after a neutral third party evaluates the relative strength of their positions. The evaluator needs to be perceived by them as impartial and credible as an expert. When a customer and a utility representative jointly request such an evaluation, CSD will provide it, however the opinion of the evaluator will not be binding nor will it be reported to others. To eliminate any perception of bias, the CSD evaluator will not handle any other aspect of the case. (Ongoing)
- **Strategy 4 Dispute Resolution/Mediation:** All parties to a settlement discussion must request a mediator before one can be assigned. When parties request a mediator, the Director of Consumer Services or the Chief Administrative Law Judge will assign the matter to one of the CPUC's trained mediators. If mediation does not resolve the dispute, and the customer chooses to file a formal complaint, the mediator must protect the confidentiality of the settlement discussion, and will not participate in the subsequent decision-making process

(Ongoing)

Strategy 5 Binding Arbitration: Short of pursuing a formal complaint, parties could agree to ask someone else to decide the matter for them. The use of an arbitrator may require less time than the submission of pleadings, adjudicating and deciding a formal complaint. Arbitration cannot be used without the consent of all affected parties, and parties must understand that the arbitrator's decision is binding.

To the extent that staffing within CSD or the ALJ Division allows, the Commission may agree to provide an arbitrator. The arbitrator will not have been, or be, involved in the dispute in any other capacity. (Ongoing)

Objective B: Provide Timely Response to Consumer Inquiries and

Complaints

Strategy 1 Measurement and Goals: CSD will give consumers an estimate of response time to their complaint or inquiry whenever they request it. To help identify adequacy of CSD resources to handle incoming complaints, we will measure the average response time and establish appropriate productivity goals. The planned interactive complaint process should be capable of providing this information. Presently, CAB can only measure average response time manually. These measurements, and recommendations for improvement when necessary, will be reported regularly to the Commission.

(Quarterly)

Strategy 2 The form for filing an informal complaint about utility service is available on the CPUC web site, as is a form, in compliance with AB 206, to register a concern about the CPUC.

Objective C: Improve Quality of Information Provided by CAB

- **Strategy 1** Provide ongoing training to Consumer Affairs Personnel.
- Strategy 2 Designate a CAB supervisor to be responsible for quality control. This includes overseeing training, reviewing CAB correspondence with consumers, recommending changes to procedures, and reviewing output for data entry error.
- **Strategy 3** Transition Electric Education Call Center functions into CAB.

Objective D: Provide Advocacy Support For Consumer Complaints WhenInformal Means Fail

Strategy The Public Advisor's Office assists customers in preparing formal complaints. CSD will, in selected formal complaints, give individual consumers technical information, support, and witnesses to ensure that their formal complaints and concerns are quickly and efficiently addressed. (Ongoing)

Objective E: Provide Information About Complaint Trends to Inform andAdvise Commissioners, Industry Divisions, and Enforcement

Strategy 1 Dedicate staff within CAB to monitor consumer complaints for trends that may indicate possible consumer harm and to gather

utility-specific or industry-wide data to quantify the extent of suspected problems.

- **Strategy 2** Track and report to the Commission and the Consumer Protection Coordinating Committee on the nature of complaints and inquiries and complaint trends.
- **Strategy 3** Continue to build the cooperative relationships developed with utilities in the Regulatory Complaint Resolution (RCR) Forum a joint stakeholder CPUC staff effort to resolve complaints. Negotiate a mutually acceptable definition for consumer complaints registered with CAB in order to more accurately reflect the numbers of valid consumer complaints that the Commission receives.

1999 - 2000 CSD ENFORCEMENT OBJECTIVES

Objective A: Develop an Investigation and Enforcement Plan Based On Trends High Priority

- Strategy 1 Working with the Executive Director and Coordinating Commissioner, the Director of CSD will develop for Commission approval internal protocols for investigative staff on opening, prosecuting, closing, and commenting on investigations. These guidelines will reflect the roles of investigative staff, the Director of CSD, the Executive Director, and Commissioners. (Fall, 1999)
- Strategy 2Prepare and implement an investigative plan. Report to the
Commission, other divisions and the Consumer Protection
Coordinating Committee on the results of citations and enforcement
actions and proceedings.(Ongoing)

Objective B: Undertake Investigations

Prior efforts of CSD staff and legislation requiring independent third party verification for changes in subscribers' long distance service providers, resulted in a decrease in slamming complaints. CSD staff will continue to investigate slamming cases, but will also focus on cramming cases in which unauthorized charges are placed on a customer's local telephone bill. This year, CSD will initiate investigations of prepaid calling card fraud. CSD is currently hiring staff and developing protocols for this new enforcement program.

CSD staff will continue to monitor and enforce ESP compliance with statutes and regulations governing Electric Service Providers. CSD staff will work to ensure that consumers who purchase electric service can do so free of ESPs who commit marketing fraud, collect consumer deposits without providing service, and bill consumers with unauthorized and illegal charges. CSD staff has been and will continue to work with Federal and other State regulatory agencies to provide assistance in ESP investigations.

- **Strategy 1** Develop and implement industry-specific strategies for selectively investigating the practices of energy and telecommunications providers, electric service providers, and household goods carriers when evidence suggests they are acting in a manner inconsistent with applicable rules, tariffs or statutes. (Ongoing)
- Strategy 2
 Review and evaluate enforcement activities on a periodic basis.

 (Ongoing)

Objective C: Provide Evidence to Initiate Enforcement Proceedings

- **Strategy 1** Prepare investigative reports, including an assessment of the existence of any failure to comply with rules, tariffs or statutes to furnish the Commission with information it may need to open a formal investigation or other enforcement proceeding. When necessary, CSD will provide expert witnesses to present investigative reports at evidentiary hearings. (Ongoing)
- Strategy 2 Upon review by CSD management and approval of the Commission, CSD will help local county and city prosecutor investigations by providing investigative reports and assisting in civil and criminal prosecutions. [Ongoing]

Objective D: Analyze Complaint Trends to Inform and AdviseCommissioners and Industry Divisions

Strategy 1 Industry Trends / Complaint Analysis: Consumer complaints may be unique or multiple, more or less serious, preventable or inevitable, and fall into a number of different categories. Some complaints may indicate problems, inefficiencies, or inconsistencies in new market participants' behavior, or with new CPUC rules or policies. Use information on industry trends, communications with other state regulators, and incoming consumer complaints to identify, analyze, and evaluate emerging problems/concerns requiring Commission attention.

The goal of CSD is to be an early warning system identifying emerging developments likely to raise consumer concerns before significant consumer harm occurs, and to identify areas where additional consumer education is needed.

(Ongoing)

- Strategy 2 Track and regularly report to the Commission and the Consumer Protection Coordinating Committee on the nature of complaints and inquiries, and complaint trends. (Quarterly)
- **Strategy 3** Develop and implement a program to provide restitution to customers either by Commission approved settlement or judgement. (Fall

1999)

- Strategy 4Maintain the "Don't Call Me" list for electric industry restructuring
required by SB 477.(Ongoing)
- **Strategy 5** The CPUC Office of Governmental Affairs will assist CSD staff in drafting legislation when it is required to address a problem. (Ongoing)
- **Strategy 6** Customer Survey: Develop and maintain contact with communitybased organizations. (Fall 1999)

1999 - 2000 UTILITIES SAFETY OBJECTIVES

Consumer Services is charged with assuring that utilities maintain a reasonable level of safety to protect the health and safety of customers, utility employees and the general public, and to prevent or minimize property damage.

Objective A: Determine Compliance With CPUC Safety Requirements

High Priority

- Strategy 1 Audit utility maintenance records and conduct field inspections to determine whether utilities are maintaining their distribution systems according to General Order (GO) 112E. This program is a high priority because gas incidents have the greatest potential for widespread death, injury, or property damage. (Ongoing)
- **Strategy 2** Audit utility maintenance records and conduct field inspections to ensure utilities maintain the overhead and underground electric distribution system in accordance with GO 95, 128, and 165. Electric incidents also have a high potential for death, injury, and property damage. (Ongoing)
- Strategy 3Investigate incidents and accidents involving natural gas
or electric distribution systems.(Ongoing)
- Strategy 4Ensure utility compliance with the Commission's recent tougher
tree trimming standards(Ongoing)
- **Strategy 5** Use a combination of record review and facility inspection to ensure compliance by operators of the 2700 master metered mobile home parks and 750 jurisdictional propane master tank systems. (Ongoing)

Objective B:Investigate matters related to: gas, electric and
telecommunications seismic safety, relief valves, power plant
safety and other safety issues the Commission assigns.(Ongoing)

Objective C: Fill Six Engineer Vacancies

Strategy 1	Fill three entry-level engineer vacancies.	(3 rd Quarter 1999)
Strategy 2	Fill three additional entry-level engineer vacancies.	(4th Quarter 1999)

Objective D: Provide Training

Strategy 1	Train new staff in use of CSD safety databases.	(August 1999)
Strategy 2 1999)	Train new staff on all safety programs.	(September

Strategy 3 Train current staff/new staff on field safety measures.

(September 1999)

1999 - 2000 CONSUMER INFORMATION AND EDUCATION OBJECTIVES

Objective A: Educate the Public About CPUC Policies and Public Serviceand Safety IssuesHigh Priority

- **Strategy 1** General Consumer Information: Along with industry divisions, assess, revise, and with the help of the Information Services Division, make available to consumers information to help ensure they have, or have ready access to, upon their request, accurate and understandable information necessary to make informed decisions about utility services, including:
 - a list of firms providing each type of utility service.
 - a report on the number and types of recent valid consumer complaints and other matters involving a specific service provider. (December 1999)
- **Strategy 2 Consumer Education:** Develop and implement a consumer information campaign to address the most important consumer issues, including issuing consumer alerts as necessary and disseminating the ORA electric industry restructuring pamphlets. (Ongoing)

Strategy 3 Electric Restructuring Education/Outreach:

- Continue working with the Consumer Education Plan (CEP) and the Electric Education Call Center (EECC).
- Serve as administrator and provide staff support for the Electric Education Trust (EET).
- Continue to operate a Speaker's Bureau to handle requests from consumer organizations for information about electric industry restructuring.

• Continue operating the CPUC electric industry restructuring hotline to answer consumer inquiries about changes in the electric industry (Ongoing)

KEY PERFORMANCE INDICATORS

CONSUMER AFFAIRS:

- Record the number of incoming calls, calls receiving a busy signal, and hits on the voice response system.
- Record the number of days it takes to resolve the average written complaint, types of complaints received by industry category and the number of those complaints, and complaints about service to stakeholders.
- \diamond Track cases mediated and cases assisted by an advocate.
- Survey consumers who have used CSD services to determine the degree of their satisfaction with CSD services.

(Data for each key performance indicator will be reported in CSD quarterly reports on progress in achieving Business Plan objectives.)

Promote and coordinate a "Regulatory Complaint Resolution" forum to meet periodically to develop and establish procedures, consumer intake information, reporting system, database information, and other consumer issued related to complaints.

ENFORCEMENT

- Identify complaint trends during regular meetings with Consumer Affairs Branch staff.
- Communicate consumer concerns and seek information in monthly meetings with Divisions, Office of Ratepayer Advocates, and Office of Governmental Affairs.
- Deliver quarterly trend reports to industry managers, who are expected to use that information to coordinate on a quarterly basis with Commissioners at public meetings on strategies to address trends.

- Report to the Commissioners regularly on complaint and issue trends, and update the Commission on enforcement actions.
- Meet with utilities monthly to identify trends and issues.
- Provide timely consumer information by regularly updating the Consumer Services Division web page.
- Monitor and report periodically to the Executive Director on case results relating to cramming and prepaid phone cards for budget control.
- ♦ The Chief of the Litigation and Resolution Group oversees all CSD litigation efforts, consumer resolution actions, and prosecutions. In conjunction with stakeholders, including the regulated industries and consumer groups, CSD enforcement staff will produce enforcement and litigation protocols on new areas of regulatory concern such as cramming and marketing abuses within the restructured electricity market.

UTILITIES SAFETY

- Report the number of gas and propane incidents to Commission and the federal government, as requested. Detail the cause and finding on each incident (Annually)
- Report and track the number of electric safety inspections and incidents to the Commission. (Annually)
- Report and track the natural gas mobile home park inspections and propane tank systems inspections to the Commission and the Legislature. (Annually)
- Report consumer-related enforcement activity, including OIIs, citations, decisions, resolutions, and civil and criminal proceedings to the Commission and stakeholders.
 Quarterly)
- Perform gas and electric audits for compliance with General Order 112-E and General Order 95/128/165 and issue audit reports on noncompliance.
- ◊ Investigate and resolve customer complaints on safety matters.

- In cooperation with the federal Department of Transportation, continue to conduct two public seminars in Northern California and Southern California to natural gas mobile home parks owners and propane gas system owners on Commission safety rules.
- ♦ Analyze and act on requests for waivers from General Order 112-E and General Order 95.
- Prepare and distribute the gas, propane, and electric safety reports.
 (Annually)
- Review, analyze and recommend rule changes to General Order 95 and General Order 128.
- ◊ Present overview of General Order 95 to Commission staff.

CONSUMER EDUCATION

- Report to the Commission on the number and nature of calls handled by the CPUC electric restructuring hotline. (Quarterly)
- Oversee joint effort between staff and industry task force to develop an education plan for the area code overlays in the Los Angeles and San Francisco Bay areas in 1999. The model developed will be used in additional overlay situations.
- ◊ Implement near-term effort in electric restructuring education program focusing on additional education for small business, agriculture and community organizations.
- Administer and provide staff support to the Electric Education Trust that will begin its grant program to community-based organizations.
- ♦ Develop and implement a consumer education plan to assure consumers that public utility service providers are prepared for Year 2000 problems.

RESOURCE ALLOCATION

(Staffing in PYs)

Objective	Authorized	Filled	Vacancies
Administration	8	8	0
Consumer Affairs			
	48	34	14
A - Provide a Simple, Effective	1		1
Program for Receiving and			
Resolving Consumer Concerns			
and Complaints			
B - Provide Timely Response to			
Consumer Inquiries and			
Complaints			
complaints			
C – Improve Quality of Information			
Provided by CAB			
D - Provide Advocacy Support for			
Consumer Complaints When			
Informal Means Fail			
E - Provide Information About Complaint			
Trends to Inform and Advise			
Commissioners, Industry Divisions,	★	★	★
and Enforcement			
Enforcement			
A – Develop an Investigation and	27	18	9
Enforcement Plan Based on Trends	I	I	1
B - Undertake Investigations			
C - Provide Evidence to Initiate			
Enforcement Proceedings			
Litter content i rocccunigo			
D - Analyze Complaint Trends to			
Inform and Advise			
Commissioners and Industry			\perp
Divisions	♥	▼	▼
Utilities Safety			
A Determine Complete With OBUC	20	0.4	0
A – Determine Compliance With CPUC	30	24	6
Safety Requirements	1	1	1
B – Investigate Matters Related to Gas,			
Electric, and Telecommunications			
Seismic Safety, Relief Valves, Power			
Plant Safety, and Other Safety Issues			
, , , , , , , , , , , , , , , , , , ,			
C – Fill Six Engineer Vacancies			
D. Duravida Training	★	★	★
D – Provide Training			
Consumer Information and Education			
Educate the Public About Commission Policies and	3	3	0
Public Service and Safety Issues			

Totals	116	87	29
			7-30-99

Impacts

- The recent loss of six experienced safety engineers will have a significant affect on some safety audits.
- The reduction in GO 112E work will result in reduced federal funding of the CSD safety program for fiscal year 1999-2000.

Addressing Resource Constraints

- \Rightarrow Fill positions to the salary savings level by November 1999.
- ⇒ Review professional classes used in Consumer Affairs Branch and the Enforcement Branch and determine appropriate classifications that reflect work being performed, and recommend necessary changes.
- \Rightarrow Review clerical and technical support classifications in the Consumer Affairs Branch to determine appropriate classifications based on the assigned work and make necessary reallocations.
- ⇒ Replace the current Oracle database program used for collecting complaint data with new database software that utilizes a graphic user interface (i.e.,Windows). Prepare and submit Budget Change Proposal to Department of Finance. (September)

1999)