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Turning off customer complaints

Success of deregulation not yet sure

By Naomi Snyder Caller-Times

September 21, 2003

Thousands of electricity customers every month are mad enough to complain to the state regulatory body about their electric service following deregulation.

Angry consumers, particularly customers of Corpus Christi's dominant electricity provider CPL, flooded the Public Utility Commission of Texas with phone calls at an increasing rate after deregulation in January of 2002. The complaints peaked in January and February of this year, and have since fallen.

The list of what went wrong is long: At first, people who moved couldn't get electricity at their new homes. Then, they couldn't get bills. When they did get bills, some almost a year later, they amounted to hundreds or thousands of dollars. Some customers even reported getting shut off from electricity, even though they had never gotten a bill.

Many of those angry customers are now appeased. Complaints against CPL Retail Energy's parent company Centrica have leveled off from the spike early in the year. Still, many say it's not time to declare electricity deregulation a success.

Pat Ludtke, a 65-year-old retiree, moved into a new home in Corpus Christi in May of last year. She didn't get a bill until February. After countless hours on the phone with a customer call center in Florida, her problem never seemed to get solved.

"There was a different reason every single time why the bill was never sent," she said.

Ludtke compiled a thick folder devoted just to her attempts to get an electric bill. After negotiating to pay \$437 for six months of unbilled electricity, the bill finally came in the mail.

"So far, I'm just a happy little electric customer who gets their bill every month," she said last week. "It's bad enough when you can't pay your bills but when you want to pay your bills and no one will let you, that's pretty bad."

CPL's complaint levels with the Public Utility Commission have dropped to a few hundred a month, down from a high of close to 1,000 in January, according to an analysis compiled by Austin-based research firm [Regulatory Compliance Services](#).

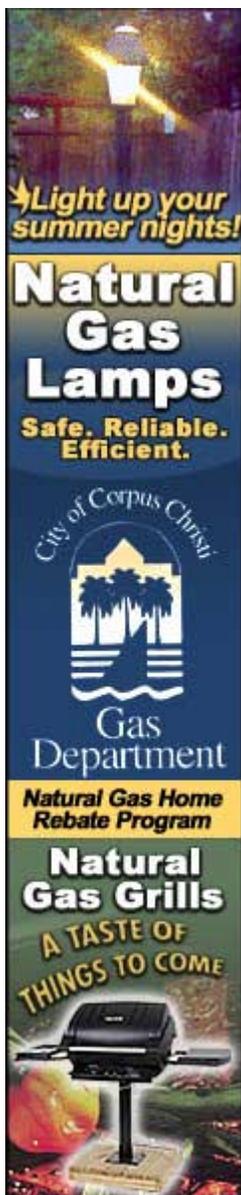
Total electricity complaints for all companies in Texas also peaked in January, then declined, but have begun to rise again this summer following an increase in complaints against the state's largest electricity company, TXU Energy.

Summer complaints rose

TXU spokesman Carlos Santos said the number of complaints have gone up because his company has begun more rigorous bill collection.

Mike Renfro, the head of the consumer protection division at the Public Utility

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Commission, said TXU's increase in rates also made people mad, leading to more complaints.

Centrica, the third largest electricity provider in the state, has the second highest level of complaints. The president of CPL and WTU Retail Energy in Texas, Don Whaley, said the utility inherited a lot of problems from American Electric Power. Centrica bought CPL and WTU in December of 2002 from AEP.

"The customer base was sort of left fallow for the last three months of 2002," Whaley said. The utility was finding "what they bought didn't quite look like the travel brochures, either," he said.

People began getting disconnected from their power for unpaid bills, whereas disconnection had been halted for months because of all the bill confusion. Customer frustration rose.

"They bought a company that was already having a lot of problems, looking to get out of that business," said Patricia Dolese, the owner of Regulatory Compliance Services and a former head of enforcement and consumer protection at the Public Utility Commission (PUC). "They didn't really know all the extent of the problems when they bought it."

Deregulation adds to woes

Not only that, deregulation had brought a plethora of problems to the marketplace. A new system set up to let retail electric companies such as CPL communicate with the meter and transmission companies, such as AEP, was failing.

"I don't know if you've ever tried to move from one IT (information technology) system to another, there's usually some glitches involved," said Kenan Ogelman, economist with the Office of Public Utility Counsel, which represents residential and small business interests before state and federal regulatory bodies. He said that the industry wanted to use a low-cost system, but they could have spent more money on it to make the transition smoother.

Among the glitches were errors in the creation of a different 35-digit electric service identifier, or ESI ID, assigned to each residence or business in the newly deregulated market.

Retail electric companies, realizing people who moved were not getting their power turned on, began bypassing the system and enrolling them manually, said Reliant

Energy's Jim Burke, senior vice president of retail services operations.

Problems compounded

That meant the customers weren't in the overall system, so they didn't get bills. Later, when the system believed they were getting electricity for free, it disconnected their power.

CPL tried to solve these problems, although it had contracted with AEP at the time of the sale to let the company handle its customer service for the next two years.

AEP, with an OK from CPL, sold the billing and customer service operations to Dallas-based Alliance Data Systems.

CPL announced this month it had moved the call center from Florida to Dallas, to be handled in-house by Alliance Data Systems.

Customers had repeatedly complained about the call center being in Florida.

Now, Whaley is pleased with the drop in complaints, but wants them to fall even more by next year.

"I don't think we've gotten to the achievable target yet, but we're well on the way," he said.

He and others aren't completely satisfied with the results of deregulation, at least not yet.

Observers optimistic

Dolese, the former PUC official, said industry observers are optimistic that deregulation has been a success, but the ultimate answer will lie with how many customers switch from their old utilities to newer companies entering the market.

So far, only about 10 percent of the residential market in deregulated areas has switched.

In CPL's territory, 10.5 percent of residential consumers have left CPL, according to a Public Utility Commission report. At least 40 percent of CPL's business customers have switched to other companies.

CPL has applied for a permit through the utility commission to begin offering competitive prices in the commercial market because so much of it has entered the competitive market.

It was not much of a surprise to anyone that commercial customers would leave CPL. They found they could save a lot of money by switching to competing companies.

Individual consumers, however, use less electricity, and their savings have amounted to dollars every month, not thousands.

"To me deregulation being a success means consumers are getting more options and paying less for electricity and the verdict on that is still out," said the Public Utility Counsel's Ogelman.

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