OFFICE OF UTILITIES REGULATION

ENQUIRY INTO BILLING SYSTEM PRACTICES
JAMAICA PUBLIC SERVICE CO. LTD.

INTRODUCTION

During December 2002/January 2003 there were increasing complaints by customers of Jamaica Public Service Co. Ltd. (JPS) regarding the bills being delivered by the company since the previous September. The OUR also recorded a dramatic increase in the number of contacts relating to JPS.

In mid January 2003, JPS alerted the Office about a number of problems that had been encountered with the introduction of its new Customer Information System (CIS), the most significant issue being a need to compress the billing periods to compensate for the late commencement of the September billing cycle.

Concurrently, another problem surfaced where customers were complaining about "high bills" being rendered by the company.

As the numbers of complaints reaching the OUR in regard to these two issues reached extraordinary proportions, the Office by way of a letter dated January 20, 2003 to the President and CEO of JPS initiated, under Sections 4 and 8 of the OUR Act, an investigation into the company's operations with a view to understanding the genesis of these two problems and to see whether customer interests were being compromised.

In its letter to JPS the Office set out the objective of its investigation as follows:

"The office, pursuant to S.4 (1) (e), S.4 (3) (e) and S.8 of the OUR Act intends to conduct an investigation into the operations of the company, so as to determine:

"A. **Billing Frequency –**

  i. the reason for the apparent breakdown in the billing system;

  ii. the extent of the problem and the numbers of customers affected;

  iii. the initiatives taken by the company to correct the problem.

B. **High Billing -**

  i. the extent to which customers have received unusually high bills and, this being the case, arrangements to be made to redress the matter;

  ii. accuracy of meter reading;

  iii. quality control to detect exceptionally high bills," and requested JPS to provide detailed reports on its investigation into the matter, problems encountered, assessment of the extent of the problem and corrective action taken in respect of both categories and the timetable to completely fix the problem as well as to provide full descriptions of quality control procedures relative to billing and the analysis of compliance with the procedures.

In response to the letter referred to above, JPS provided two reports on the matter, a Preliminary dated January 27 and a Final Report dated February 3, 2003. After reviewing the reports, the Office sought a number of clarifications and supplemental information under cover of its letter dated February 12th to which JPS responded on February 20th. The company and the Office met on February 20th when the various issues were discussed at length.

In the course of the investigation it became evident that the problems related to "frequency of billing" and those of "high billing" were mutually exclusive. The Office has therefore decided to treat with both issues separately.

The Office wishes to thank JPS for its responsiveness and cooperation during the course of the investigation.

PART A – Billing Frequency

The genesis of the problems that prompted the high incidence of customer complaints during November/December and January is the decision by the company to implement its new CIS in September 2002. This CIS is an upgraded version of that which had hitherto been in use in the company.

The company reports the initial problems as follows:

1. **Delays in cut-over date** -
   The cut-over date was postponed twice from August 5 and September 9 before the system was eventually available on September 13. Therefore instead of commencing on or around September 5 as is normal, the September billing cycle did not commence until September 17.

2. **Problems with the production of September's bills** -
   In addition to the problems associated with the delay in producing the September billing, some 100,000 of these were further delayed because of other defects identified in the quality control process – these were associated with –

   i. bill presentation issues where the information presented in the bill would have been confusing

   ii. some 25,000 accounts in cycles 15-18 were incorrect

   iii. some bills were printed without the Parish identification and other mailing codes.

3. Domino effect on subsequent billing cycles

In order to return as quickly as possible to its normal billing cycle, the monthly billing schedules, subsequent to September, were compromised. Table 1 shows the billing schedule for August which was normal, September which was late and the time table used subsequently in order to return the billing schedule to normal.

Table 1
JPS - Bill Production Durations
August – December 2002

Billing Month	Start Date	End Date
August 2002	Aug. 8	Sept. 1
September 2002	Sept. 17	Oct. 4
October 2002	Oct. 29	Nov. 26
November 2002	Nov. 28	Dec. 7
December 2002	Dec.11	Jan 6, 2003

The impact of these factors is that approximately 100,000 customers or approximately 20% of the customer base were affected and resulted in an abnormally high incidence of customer complaints. There have also been complaints registered that were prompted by new features of its upgraded CIS. The predominant issues, which brought customer dissatisfaction, were –

1. Multiple bills from the company with due dates less than a month apart - this, the company reports would have been due to its attempt to compress the billing cycles subsequent to the late September billing.

2. Payment information not updated – some bills have not reflected payments made in a previous period. The company has indicated that this is a problem, which has been referred to the vendors of the CIS. However, however it has given assurances that there is no danger of the payment record being lost.

3. Balance due after full payment – after paying a bill in full the receipt provided to the customer shows an outstanding balance. This, company reports will have been due to the "real time" nature of the new system, where information related to the subsequent bill is already in the system, although it may not yet have been rendered to the customer.

After reviewing the information provided, the Office had a number of concerns related to the overall strategy of the company –

1) Implementation strategy – given that the normal billing cycle should have commenced on September 5, why did the company take a decision on September 13 to implement the new CIS rather than delay to commence operating the new system in consonance with the scheduled start of a billing cycle?

2) What was the company's customer care strategy, after the billing cycle was delayed and in recognition of the subsequent domino effect on billing?

3) Was it not possible for the company to operate both billing systems (old and new) in parallel?

4) When will normalcy return to the billing process?

The explanations provided by the company are summarized hereunder:

1) ***Implementation strategy*** – The software for the new CIS is an upgraded version of the existing system but several times removed to the extent that there is little, if any compatibility between the two. Consequently, as parallel operations would not only require all transactions to be recorded on both systems to maintain synchronized data bases but also the cash receipting systems would have required operating two different systems at the cash collection points the technical advice to the company concluded that parallel operations would be neither cost effective not time efficient. Once the decision was taken to go live, by September 13, the new data bases were already loaded and to revert to the old, at this stage, would have meant re-computing bills to facilitate hard copy production under the old format.

2) ***Customer care strategy*** – The Company used advertising media to notify customers of the delays in bill production. Customers were advised through the media that current billing information was however available by contacting the company's customer care centers.

3) ***Billing schedule*** - The Company anticipates that the billing process will have returned to normal with the billing cycle commencing March 4.

   Fully paid bills with balances brought forward - two reasons have been advanced to explain why a fully paid up bill might reflect a balance brought forward –

   - the subsequent bill has already been produced but not yet rendered to the customer. The company proposes a customer education to address this issue.

   - Conflicts between two sub systems - this has been identified as a software problem and the vendor is addressing the matter.

The Office has formed the view that, in managing the implementation of the new CIS, the company took reasoned business decisions. Its decision to cut over on September 13, was seemingly, taken after considering the risks involved. While the Office did not examine in great deal the process to shake down the new CIS, it must question, however, whether the software problems that developed could not have been identified prior to the cutover.

While the Office concurs with JPS that it needed to take action to return the billing cycle to normal as quickly as possible, it is of the view that the company failed to think through the impact of the truncated billing cycles on its customers. Consequently, it did not do an acceptable job in anticipating customer reaction and putting the appropriate "customer education" media in place in time. Bill stuffers would probably have been an appropriate medium at this juncture. Nevertheless, once the problem was recognised, the company appeared to have committed the resources to deal with customer backlash.

On a related issue, however, the Office has observed that while the intentions and actions at the Head office may be sensitive to customers, the message does not seem to be translated to the Customer Service Centres. It appears that the customer service personnel at the local level are either not receiving information on time or that they have some difficulty in accepting the principle that the customer may just be "right".

This manifested itself very clearly during the processing of complaints related to this issue, when customers were very distraught at receiving standard answers from customer service staff that there was nothing wrong with the billing, when clearly, there was a problem.

The Office has been receiving ongoing assurances from the company regarding its commitment to Customer Care. It is time for these commitments to be translated into improved performance at the level of the customer service centres.

PART B – High Billing

The Office has noted with concern the increasing incidences of complaints where customers are questioning what appear to be spurious spikes in their billed consumption. These complaints first became noticeable in July/August 2001 and in November/December 2001. They reappeared in November/December 2002 at about the same time that the complaints about the billing frequency were peaking. While the company has never been able to offer any explanations either from an individual account or systemic basis for these occurrences, the fact is that they have occurred and have been causing some distress amongst its customers. The Office itself has not been able to proffer any reasonable explanation. The very profiles of the customers who have complained are such as to suggest a level of objectivity will have been brought to the presentation of the complaint and the Office is, accordingly, minded to accept that the complaints have some validity.

In this enquiry the Office has an interest to determine:

i. The extent to which customers have received unusually high bills and this being the case the action being take to redress the matter.

ii. The accuracy of meter readings.

iii. The quality control procedures to detect exceptionally high bills.

In its assessment the company sought to (i) establish whether there was any systemic problems during the period August to December 2002 which might have precipitated abnormally high bills on a wide spread basis and (ii) by analysis of the individual complaints received in the Customer

Service Division to establish whether there were incidences of high billing directly related to the new CIS or any other aspects of the company's processes.

With regard to the possibility of a systemic problem, the company submitted comparative data for generation and sales for the periods August to December 2001 and 2002.

Table 2
JPS – Comparisons between Generation and Sales
August to December 2001 and 2002

	Generation - MWh			Billed Sales – MWh			System Losses	
Month	**2001**	**2002**	**Change**	**2001**	**2002**	**Change**	**2001**	**2002**
August	294,852	310,341	5.3%	261,161	265,798	1.8%	11.4%	14.4%
September	289,606	289,045	-0.2%	231,099	234,600	1.5%	20.2%	18.8%
October	289,456	302,651	4.6%	236,745	247,683	4.6%	18.2%	18.2%
November	271,736	303,600	11.7%	240,763	253,178	5.2%	11.4%	16.6%
December	287,954	302,372	5.0%	222,705	237,304	6.6%	22.7%	21.5%
Overall	**1,433,604**	**1,508,009**	**5.2%**	**1,192,473**	**1,238,563**	**3.9%**	**16.8%**	**17.9%**

This data does, in fact, support JPS' assertion that there is no systemic case of over billing.

In its preliminary report, the company provided a breakout of the results of its investigations into a sample of 20 accounts provided by the OUR. These are summarized in Table 3.

Table 3

JPS- Results of investigations into sample of 20 complaints

Issue	Incidence
Incorrect meter reading	5
Consecutive estimates followed by high actual reading	4
Price changes	2
Meter investigation required	2
Okay	7
Total	**20**

For the period January 1 – January 28 the Office received 196 complaints specifically related to JPS billing. The breakdown of these 196 complaints is provided at Table 4.

Table 4
Summary of contacts received by the OUR specific to JPS billing matters

Complaint category	# of contacts	Share of Contacts
High consumption	89	45%
Billing punctuality	69	35%
Disputed charges	16	8%
Estimated Billing	13	7%
Unexplained adjustments/ unable to understand bill	6	3%
Retroactive billing	1	1%
Payment not credited	2	1%
Total	**196**	**100%**

The Office notes that the final report provides details of investigations into 37 complaints all of which are billing related. Thirty-three (33) of these related specifically to high bills of which 19 (58%) were found by the company to be either justified or warranting further investigation. It should also be noted that of the 196 complaints, received by the OUR between January 1 and 28, 89 (45%) are specifically about high consumption. While it is recognized that statistically, no conclusions can be drawn from a sample such as this, the implications should not be ignored and the Office continues to be of the view that there is a problem with high bills albeit that these are generally spurious with an immediate return to normal levels in the subsequent bill.

In this regard, the company's practice of setting the threshold for hi/low rejection at +/- 80% is unacceptable. The company justifies this on the basis that at the previous level of +/- 50%, it was found that the billing department was reprocessing too many bills that subsequently proved correct. While this may be the case, until there is a measure of confidence in the bills being rendered by the company, the criteria for hi/low rejection should be ramped down over time until it is back at 50%.

PART C – Quality Control and other issues

Quality control - It appears that there are three significant control points in the quality control process for billing.

1) Meter reading input

2) Upload of meter readings to the CIS

3) Post Production screening

At the input stage, the meter reading hand held computer emits an audible warning to alert the meter reader should the input reading represent a +/- % variation on the expected norm for the particular account. While it is expected that the meter reader would either confirm or change the meter reading under theses circumstances, the question is – does the meter reader diligently carry out this verification process?

The second screening is done, based on the 80% criterion when the data is uploaded from the meter reading software. The Office would suggest that the company considers a applying a more aggressive criterion at this stage say 65% or 70%.

The Office notes that the company has recognized that there may be weaknesses in the quality control trail and that it has committed to a review and redesign of these processes. In this regard, the Office is forming the view that critical control point from a billing quality perspective is the stage at which the meter readings are uploaded to CIS and it is at this stage that resources should be concentrated to capture and correct any errors in the meter reading.

Estimated bills – The Office has a concern about the frequency with which consecutive estimated bills are rendered and has noted that there are circumstances when three consecutive estimated bills might be rendered, for good reason. The Office is of the view, however, that this is the absolute maximum number of consecutive estimated bills that should be accepted by customers. To this end, the Office will seek to convert this to a guaranteed standard at the earliest opportunity. In the meantime the company would be well advised to immediately adopt this as its own internal standard and to monitor its performance in this regard.