

Public Utility Commission of Texas



Electricity • Telecommunications • Water & Wastewater

Audit on the Consumer Protection Division's Informal Complaint Process

Project #2024.06
Report Date: December 2024



Executive Summary

We reviewed processes and controls as it relates to informal complaints involving electric, telecommunication, and water and wastewater utilities for fiscal years 2023 and 2024. The primary objective of the audit was to determine if processes and controls exist to ensure informal complaints are handled in accordance with laws, rules, and regulations, as well as internal policies and procedures.

Overall, we found that controls have been established to ensure informal complaints were handled in accordance with applicable requirements. Specifically:

- Information is communicated and provided to consumers (customers and utility providers) through the agency's website, personnel, and outreach activities explaining how to file a complaint as well as the agency's process for handling and resolving complaints.
- Processes exist to ensure sufficient data is collected to promptly review and resolve informal complaints that are within the agency's purview.
- A Complaint Database was established that categorizes the type of complaints and tracks and maintains detailed information about the customer and the complaint.
- All responsible parties are notified about the resolution of their complaints by utilizing a standardized complaint resolution letter which also cites applicable statute.
- Performance measures tracking the percentage and total number of informal complaints as well as the resolution of informal complaints is accurately reported to the Legislative Budget Board (LBB).

However, we noted the following processes should be developed, implemented, and / or strengthened to further ensure that:

- Controls exists, when filing an on-line complaint, to determine whether the customer has contacted the utility provider to file a complaint prior to contacting the agency.
- Protocols exist to protect the safety and well-being of agency personnel by eliminating the agency's "Walk-In" complaint process.
- Written procedures exist documenting the coordinated efforts between program areas to identify potential recurring violations.
- An automated process exists within the Complaint Database to extend due dates that fall on a state holiday to the next day the agency is open for business when calculating the 15-day requirement for utilities to respond to a complaint received on behalf of a customer or service applicant.
- Sufficient information is included in the Complaint Database while documenting the outcome of an investigation.

Background

The Public Utility Commission of Texas (agency) is the state agency responsible for economic regulation of Texas' electric, telecommunication, and water and wastewater utilities. The agency does not regulate municipally owned utilities or cooperative electric utilities.

The agency's Consumer Protection Division (CPD) assists consumers with questions and complaints about their electric, telephone, and water utility services, billing practices and operations. The CPD is made up of three smaller divisions that work together for the resolution of customer complaints through an informal complaint process and licensing and compliance.

The Intake Call Center consists of one supervisor and seven staff who serve as the first line of customer assistance to respond to questions, inquiries or complaints. The Intake center also answers calls regarding the Power to Choose, informing consumers about the information that is available to them so they can choose a Retail Electric Provider (REP). Both English and Spanish speaking representatives ensure that every customer has an opportunity to have their concerns heard or addressed. If a customer's concerns cannot be addressed by CPD, customers are referred to organizations that are better suited to lend support or give assistance.

The Complaint Resolution Center consists of one supervisor and eight staff who investigate complaints that are filed by reaching out to the utilities and verifying each provider is following Texas Administrative Code, Title 16, Part 2, Chapters 24-26, Substantive Rules. The Investigators email a "Close Letter" to the consumer that describes any findings and provides an informal resolution of the complaint. A copy of the letter is also sent to the provider.

The Licensing Team consists of one supervisor and five staff who are responsible for licensing or registering many of the participants in the markets or areas that the agency oversees who want to do business in the State of Texas.

The CPD strives to give the best customer service to the citizens of Texas.

Objective

The overall objective of this audit is to determine whether the agency has processes and controls in place to ensure customer complaints are handled in accordance with laws, rules and regulations, as well as internal policies and procedures.

Scope and Methodology

The scope of the audit is fiscal year 2023 and 2024 (September 1, 2023, to June 1, 2024) and any other related periods.

The methodology for the audit consisted of a review of the following information as it relates to informal complaints:

- Public Utility Regulatory Act, Chapters 13, 15, and 17.
- Texas Administrative Code, Title 16, Part 2, Chapters 22, 24, 25, and 26.

- Consumer Protection Division’s Policies and Procedures.
- Consumer Protection Division’s Complaint Database.

Tests and procedures included the following:

- Reviewed agency policies and procedures.
- Reviewed applicable laws, rules, regulations, and requirements.
- Examined supporting documentation to determine whether processes and controls exist to ensure informal complaints are handled in accordance with applicable requirements.
- Interviewed management and staff.
- Reviewed other program data.

Our audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and the *Generally Accepted Government Auditing Standards (GAGAS)*. Those Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our audit observations and conclusions based on our audit objective.

Audit Team

Nicky Carter, Director for Internal Audit
Barbette Mays, Senior Auditor

Detailed Results

Observation 1

Establish a process, when filing an on-line informal complaint, to determine if the customer has contacted the utility provider to file a complaint prior to contacting the agency.

Texas Administrative Code (TAC), Title 16, Part 2, Chapter 24, Subchapter F, Rule §24.153(b)(1)-(4); Chapter 25, Subchapter B, Rule §25.30, and Chapter 26, Subchapter B, Rule §26.30 require utility providers (electric, telecommunications, water and wastewater) promptly investigate a complaint and advise customers of the results. If dissatisfied with the results, the utility provider must advise the customer of the agency's informal complaint resolution process.

Before filing an informal complaint with the agency, customers are reminded through the agency's website, on-line informal complaint form, and by intake call center staff to contact their utility provider (electric, telecommunication, or water and wastewater) first and allow them to investigate their complaint. If unable to come to a satisfactory resolution with the provider, the customer should then file a complaint with the agency's Consumer Protection Division (CPD).

Customers can file an informal complaint with the agency by phone, fax, on-line, written notice, or email. During our review, we noted that the CPD staff follow up with customers during a call, upon receiving written notice, fax, or email and determine if the customer has contacted the utility provider to file a complaint prior to contacting the agency and allow the customers to submit supporting documentation to show that the utility provider has promptly investigated the complaint.

However, the on-line informal complaint form does not include a data field for customers to indicate whether they have contacted the provider to file a complaint prior to contacting the agency. This would help staff determine if the utility providers have promptly investigated the complaint and ensure compliance with TAC. In addition, of the 9,960 complaints received during the scope of the review, 68% of the complaints were filed on-line; therefore, it is important to establish this process when filing an on-line informal complaint.

Recommendation:

Management should work with the Information Technology Division to ensure the on-line informal complaint form includes a data field for the customer to indicate whether they have contacted the utility provider to file a complaint prior to contacting the agency.

Management's Response: *While the Texas Administrative Code sections cited in the report do not require a consumer to file a complaint first with the service provider, management finds that an additional data field in the online complaint form verifying whether the consumer has disputed the issue with the service provider is beneficial to tracking whether consumers are attempting resolution prior to contacting the PUCT. Management will work with IT to come up with a plan to update the online complaint form in a way that best suits the suggestions from this observation, while maintaining the essence of the Texas Administrative code.*

Responsible Party: *CPD Director, Intake manager, Investigations Manager*

Implementation Date: *June 30, 2025*

Observation 2

Eliminate the agency’s internal “Walk-In” complaint process to protect the well-being and safety of agency personnel.

The Public Utility Regulatory Act (PURA) §15.051 and TAC, Title 16, Part 2, Chapter 22, Subchapter M, Rule §22.242 require any affected person complain to the agency in writing or by telephone to file a complaint. However, the CPD has developed additional internal procedures which allow customers to “walk-in” and file a complaint in person. The procedures require the following:

- Customers fill out a “Visitor Complaint Form.”
- The receptionist contacts program staff indicating that a visitor has arrived to file a complaint.
- Two staff persons meet with the customer to obtain and discuss complaint information.
- Staff input the data from the “Visitor Complaint Form” into the Complaint Database.

We noted, during interviews, that the agency receives 2-3 “walk-in” complaints each month. Although additional safety practice requirements have been established, numerous valid safety concerns for agency personnel, including but not limited to CPD, have occurred which causes serious safety risks.

Recommendation

Management should eliminate the agency’s internal “walk-in” complaint process to protect the well-being and safety of agency personnel.

Management’s Response: *Management agrees the elimination of the walk-in process to submit a complaint will protect the well-being and safety of personnel and will eliminate the process. CPD will work with the Executive Director as to how this will be accomplished.*

Responsible Party: *CPD Director, Intake manager, Investigations Manager*

Implementation Date: *June 30, 2025*

Observation 3

Establish written procedures documenting coordinated efforts between program areas to identify potential recurring violations.

The CPD Complaint Database tracks and manages all complaint information. The Customer Service Specialist is responsible for entering the complaint data into the system and sending an electronic notification to the utility provider about the complaint. The Complaint Resolution Coordinator then assigns the complaint to a Consumer Complaint Investigator to conduct their review and identify potential rule violations.

The Division of Enforcement and Compliance (DICE) is the enforcement arm of the agency which promotes compliance with the laws, rules, and procedures to better protect customers, promote efficient and reliable operation of electric industry, and encourage development of high-quality infrastructure that serves the needs of Texans. The DICE conducts investigations of reported failures

to follow the law. The DICE has “Read Only” access to the CPD Complaint Database and run a quarterly query of potential rule violations that were identified by CPD’s Consumer Complaint Investigators.

The CPD’s complaint resolution policies and procedures require the Complaint Resolution Coordinator reviews closed complaints to ensure data is entered correctly and notify CPD’s Consumer Complaint Investigator of any inconsistencies. During fieldwork, we found that the Complaint Resolution Coordinator, at times, may identify a possible trend of recurring rule violations and communicates the results of the review with DICE; however, this coordinated effort is not documented. It is important to document this process to ensure consistency and efficiency.

Recommendation

Management should develop written procedures documenting the process for reviewing database complaints to identify potential recurring violations and document how this information will be shared with DICE.

Management’s Response: *Management will develop written procedures documenting the process for reviewing informal complaints to identify possible trends to relay to DICE.*

Responsible Party: *CPD Director, Intake Manager, Investigations Manager*

Implementation Date: *June 30, 2025*

Observation 4

Establish an automated process within the CPD Complaint Database to extend due dates that fall on a state holiday to the next day the agency is open for business when calculating the 15-day requirement for utilities to respond to a complaint received on behalf of a customer or service applicant.

The TAC, Title 16, Part 2, Chapter 24, Subchapter F, Rule §24.153; Chapter 25, Subchapter B, Rule §25.30, and Chapter 26, Subchapter B, Rule §26.30 relate to customer complaints and require the utility provider (electric, telecommunication, or water and wastewater) investigate all customer complaints received from the agency on behalf of a customer or service applicant and advise the agency in writing of the results of the investigation within 15 days after the complaint is forwarded to the utility provider.

Our sample population included 15 complaints (*e.g., 5 electric utilities, 5 telecommunication utilities, and 5 water utilities*) randomly selected from the CPD Complaint Database. Testing revealed that staff manually entered or selected a date (*e.g., MM/DD/YYYY*) from a drop-down menu option to indicate when customer complaints were forwarded to utility providers. The 15-day response time began the day after the complaint was forwarded to the utility provider and the due date was automatically calculated by the CPD Complaint Database. The calculation excluded weekend due dates which were extended to the next day the agency was open for business. However, the calculation did not exclude state holiday due dates as this process was administered manually by staff. Manual processes could cause risks such as errors and inefficiencies; therefore, it is important to ensure that the process for excluding state holiday due dates is automated as well. If the due date

falls on a holiday, the database should extend the due date to the next day the agency is open for business.

Recommendation

Management should work with the Information Technology Division to incorporate an automated process within the CPD Complaint Database to exclude due dates that fall on a state holiday. If the due date falls on a state holiday, the database should extend the due date to the next day the agency is open for business when calculating the 15-day requirement for utilities to respond to a complaint received on behalf of a customer or service applicant. Develop and implement procedures that document this process.

***Management's Response:** The current complaints database excludes weekends when calculating due dates, as those are days the PUCT is not open for business. Holidays are not currently excluded, so staff manually accounts for holidays when determining whether a service provider has complied with the 15-day requirement. Management can work with IT to automate our manual process for accounting for holidays by implementing a holiday table into the database calculation. In addition, our procedures will be updated to document this process.*

***Responsible Party:** CPD Director, Intake Manager, Investigations Manager*

***Implementation Date:** June 30, 2025*

Observation 5

Strengthen controls to ensure that sufficient information is included in the CPD Complaint Database while documenting the outcome of an investigation.

Based on our review, the Complaint Resolution Training Manual addresses the following processes for:

- Opening Complaints
- Closing Complaints in Database
- Sending Resolution Letter

The Complaint Resolution Manual does not include detailed steps explaining how to work a complaint. The investigator receives initial job training; however, the investigator could benefit from additional training as well as having a checklist, script, or detailed set of procedures for working each type of complaint (*e.g., electric, telecommunication, or water and wastewater*). Strengthening these controls would aid in ensuring that sufficient complaint resolution information is captured in the CPD Complaint Database while documenting the outcome of an investigation.

Recommendation

Management should strengthen controls by offering additional training to investigators and developing a checklist, script, or detailed set of procedures for working each type of complaint to ensure sufficient information is included in the CPD Complaint Database while documenting the outcome of an investigation.

Management's Response: Management will update the Complaint Resolution Manual to include detailed steps explaining how to work a complaint. The steps will instruct an investigator on overall complaint resolution while at the same time remain flexible enough to allow for resolution of the varied subject matter and issues within each of the three industries regulated by the PUCT. The Resolution tab of each complaint serves as a checklist for the investigative process; however, requiring greater detail from investigators in the Resolution Notes section will aide in documenting the outcome of an investigation outside of the complaint's closing letter to the consumer and utility.

Responsible Party: CPD Director, Intake Manager, Investigations Manager

Implementation Date: September 30, 2025

Acknowledgements

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