



**Department of
Public Service**

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Three Empire State Plaza, Albany, NY 12223-1350
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May 1, 2017

Hon. Thomas P. DiNapoli
New York State Comptroller
110 State Street-11th Floor
Albany, New York 12236

Dear Comptroller DiNapoli:

In accordance with the provisions of Section 170 of the Executive Law, the following are actions the Department of Public Service has taken, or will be taking, to implement the recommendations contained in the Office of the State Comptroller's (OSC) final audit report (2015-S-82) Oversight of Complaint Activity.

Recommendation #1:

Tracking of Global Complaints: Develop a process to track global complaints that ensures accountability for Department staff and documents the efforts undertaken to address consumer issues.

Action Plan: Prior to this audit, the Department had already developed and utilized multiple systems to track and resolve complaints, including global complaints, received from the public. These systems have led to the timely and appropriate resolution of all global complaints.

When the Department identifies and investigates a global complaints issue, it may result in a policy action included in a company's subsequent rate case or a Commission Order. For examples:

- When federal funding became available in 2009 for utilities to invest in smart meter technology, the Department received multiple complaints from homeowners rejecting the installation of these devices due to health concerns. In response, via Commission Order in

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Case 10-E-0285, these customers were provided with the option to keep their analog meters for a small additional fee.

- When the Department determined that Verizon seemingly failed to meet long-standing Commission service quality objectives, the Commission initiated an investigation in Case 16-C-0122. Via analysis of complaints and customer service statistics, Department staff determined that service quality did not reconcile to service objectives. In addition, the Department received anecdotal evidence from customers during Public Hearing Statements that Verizon's service quality was poor often resulting in extended periods with little to no service.

These cases are documented in the Document Matter Management (DMM) system, the Department's primary data storage application used to house all information and documents related to matters being worked on by the staff. Once a proceeding has been opened, the process is fully transparent to the public. The documents are made publicly available through the Department's online DMM portal, in which the public is able to file comments and track the development of the case.

That being said, the Department is ever willing to identify potential improvements to its processes and may collaborate with the NYS Lean Office to further refine and optimize the current global complaint tracking procedures.

Recommendation #2:

Performance Plans: Periodically evaluate the effectiveness of the performance plans in ensuring safe and reliable service for utility consumers.

Action Plan: Performance plans, in which a utility's earnings are affected by compliance with established metrics and benchmarks, are an effective and economical means of ensuring utilities consistently provide safe and reliable service to consumers. When developing a performance plan with a utility, the Department devises reasonable performance goals that will provide consumers with tangible benefits. Utilities are allocated sufficient resources to achieve the goals and Department staff actively monitors and annually reports to the Commission each utility's compliance with the assigned metrics. The review of utility performance plans is also a key step

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performed during the Department's rate case review process. Typically every two to three years each utility will request of the Commission a rate increase, and as part of the rate case review process, Department staff analyzes the utility's performance plan and determines whether new metrics should be added or historical measures adjusted or eliminated. Department staff also analyzes performance associated with major events to determine if adjustments to performance metrics are needed. If a utility does not meet the established metrics and benchmarks, the utility is assessed a negative revenue adjustment, calculated as a percentage of the utility's revenue. Collectively, the utilities could potentially be assessed more than \$500 million in negative rate adjustments annually for failure to meet prescribed goals. The Department will continue to actively monitor the utilities' performance plans and, as always, will continue to evaluate its processes for improved efficiencies.

If you have any questions regarding this response, please contact me at 518-474-2523.

Sincerely,



Gregg C. Sayre
Interim Chair

cc: Governor Andrew M. Cuomo
Lieutenant Governor Kathleen C. Hochul
Senator John F. Flanagan
Senator John A. DeFrancisco
Senator Jeffrey D. Klein
Assemblyman Carl E. Heastie
Assemblyman Brian M. Kolb