



An Audit Report on

Complaint Processing at the Public Utility Commission of Texas

May 2019
Report No. 19-034



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Overall Conclusion

The Public Utility Commission of Texas (Commission) had processes and related controls to help ensure that complaints are handled in accordance with applicable requirements for informal and formal complaints. Most utility customer interactions are handled by the Commission through its process for informal complaints, and auditors identified opportunities for the Commission to improve that process (see text box for details on **the Commission's** complaint processes).

Process for Informal Complaints. The Commission had a process for informal complaints to help ensure that it collects appropriate documentation and reviews and resolves complaints in accordance with applicable requirements. For example, the Commission appropriately classified customer complaints and inquiries; ensured that it had jurisdiction to resolve complaints received; cited applicable statute in its complaint resolutions; and notified all parties of the resolution of their complaints and inquiries as appropriate. However, the Commission should ensure that all of its complaints processes are consistent with Texas Administrative Code requirements. Additionally, the Commission should consider enhancing its process to help ensure that customers receive resolutions for instances in which the utility company does not respond to an informal complaint.

Process for Formal Complaints. The Commission had a process to review formal complaints, which are legal proceedings, in accordance with applicable requirements. For formal complaints, the Commission obtained complete information about complainants, safeguarded personally identifiable information, opened complaints appropriately, and communicated the formal complaint resolution to the involved parties.

Information Technology. The Commission had certain information technology controls for both applications it uses for complaint processing. However, auditors identified **weaknesses in the Commission's user access controls** for those applications.

Background on Complaint Processes

The Public Utility Commission of Texas' (Commission) mission is to protect customers, foster competition, and promote high quality infrastructure. The Texas Utilities Code enables the Commission to regulate the **state's** electric, water and sewer, and telecommunication (landline telephone only) utilities and offer assistance in resolving customer complaints.

From September 1, 2017, through December 31, 2018, the Commission received 15,959 utility customer interactions. To handle those utility customer interactions, the Commission categorized them as either inquiries or as informal complaints. Of those customer interactions, the Commission handled 15,104 as informal complaints; the remaining 855 were handled as inquiries. During that same time period, the Commission also began processing 29 formal complaints.

Sources: The Commission and the Texas Utilities Code.

Table 1 presents a summary of the findings in this report and the related issue ratings. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Chapters/Subchapters and Related Issue Ratings		
Chapter/Subchapter	Title	Issue Rating ^a
1-A	The Commission Had a Process for Informal Complaints to Ensure That Those Complaints Were Handled in Accordance with Applicable Requirements	Low
1-B	The Commission Should Strengthen Its Process for Informal Complaints	Medium
2	The Commission Had a Process for Formal Complaints to Ensure That Those Complaints Were Handled in Accordance with Applicable Requirements	Low
3	The Commission Had Certain Information Technology Controls Over Its Complaints Systems, But It Should Improve Access Controls for Those Systems	Low

^a A chapter/subchapter is rated Priority if the issues identified present risks or effects that if not addressed could critically affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. Immediate action is required to address the noted concern and reduce risks to the audited entity.

A chapter/subchapter is rated High if the issues identified present risks or effects that if not addressed could substantially affect the **audited entity's ability to effectively administer the program(s)/function(s) audited**. **Prompt action is essential to address the noted concern and reduce risks to the audited entity.**

A chapter/subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the **audited entity's ability to effectively administer program(s)/function(s) audited**. **Action is needed to address the noted concern and reduce risks to a more desirable level.**

A chapter/subchapter is rated Low **if the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.**

Auditors communicated other, less significant issues separately in writing to Commission management.

Summary of Management's Response

At the end of certain chapters in this report, auditors made recommendations to address the issues identified during this audit. The Commission agreed with the recommendations in this report.

Audit Objective and Scope

The objective of this audit was to determine whether the Commission has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in accordance with applicable requirements.

The scope of this audit covered customer interactions (inquiries and informal complaints) and formal complaints received by the Commission from September 1, 2017, through December 31, 2018.

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Detailed Results

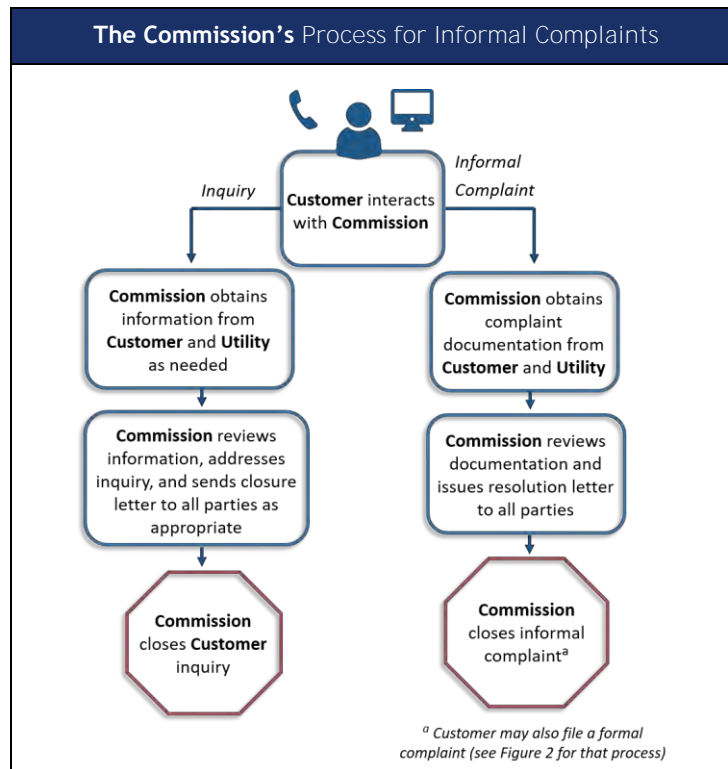
Chapter 1

The Commission Had a Process for Informal Complaints That Is Consistent With Applicable Requirements; However, It Should Strengthen That Process

The Public Utility Commission of Texas (Commission) had a process to help ensure that it handles informal complaints in accordance with applicable requirements (see Appendix 3 for additional information about the Commission’s informal complaints). However, the Commission should consider improvements to that process to help ensure that it consistently achieves its mission to protect and assist utility customers. Specifically, the Commission should ensure that its complaints processes are consistent with the Texas Administrative Code. Additionally, the Commission should consider enhancing its process to help ensure that customers receive resolutions for instances in which a utility company does not respond to an informal complaint.

Figure 1 describes the process for informal complaints.

Figure 1



Source: The State Auditor’s Office created this figure based on information from the Commission.

Chapter 1-A
Rating:
Low ¹

Chapter 1-A

The Commission Had a Process for Informal Complaints to Ensure That Those Complaints Were Handled in Accordance with Applicable Requirements

The Commission's Intake Process

The Commission's Customer Protection Division (CPD) receives and documents the customer information necessary to process inquiries and informal complaints involving telecommunication, electric, and water and sewer utilities. CPD enters that customer information, which can be received through mail, telephone, fax, walk-in, and the Commission's Web site, in its Complaints Database as applicable. CPD staff then categorizes the customer interaction as either an inquiry or an informal complaint.

According to Commission procedures, an inquiry is when the Commission determines that customer questions or interactions do not allege a violation of the Texas Utilities Code. Once an inquiry has been addressed, Commission procedures require resolution letters to be sent to all parties. From September 1, 2017, through December 31, 2018, the Commission had 15,959 applicable customer interactions, and the Commission determined that 855 (5.4 percent) of those were inquiries.

The Commission determined that the remaining 15,104 (94.6 percent) customer interactions during that same time period were complaints to be resolved through its process for informal complaints. To address informal complaints, Commission staff collects information from complainants and utility companies and uses that information to determine whether the utility companies violated the Texas Utilities Code. Complainants and utility companies are notified in writing of the results of the Commission's informal complaint review.

Auditors performed procedures to determine whether the Commission complied with statutory and policy requirements for the process for informal complaints. Specifically, auditors determined that the Commission:

- Appropriately classified utility customer interactions as either informal complaints or inquiries. Auditors reviewed 60 inquiries and 60 customer interactions to verify whether the Commission appropriately determined if they were complaints or inquiries. Auditors reviewed the documentation associated with each of the items tested and compared that documentation to the Commission's procedures. While the Commission's procedures described

¹ The risk related to the issues discussed in Chapter 1-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

how to process an inquiry, they provided only limited guidance for determining the difference between an inquiry and a complaint. Based on a review of the 60 inquiries sampled, auditors identified two inquiries that could have been handled as complaints. Providing a clearer distinction between inquiries and complaints would help ensure that customer interactions are handled consistently.

- Appropriately determined whether it had jurisdiction to address customer concerns. The Commission has jurisdiction to regulate electric, landline telephone, and water and sewer services. The Commission does not have jurisdiction for natural gas service, international calls, damage claims, wireless telephone services, or out-of-state service providers. Auditors tested supporting documentation for 56 applicable customer interactions and determined that the Commission appropriately determined its jurisdiction to handle those customer interactions in accordance with Title 2 of the Texas Utilities Code.
- Properly classified customer interactions by priority. The Commission assigns customer interactions one of three priority ratings in accordance with its procedures². Auditors tested 60 customer interactions and determined that the applicable customer interactions were all correctly classified in accordance with the Commission's procedures.

The Commission's Review and Resolution Processes

The Commission collects and reviews complaint information provided by the customer and the utility company. After the Commission reviews the customer's documentation and the utility company's response, it makes a determination of whether the utility's actions are consistent with rules and requirements. However, the process is nonbinding and the Commission cannot enforce any actions from utility companies through this process for informal complaints.

Auditors reviewed documentation the Commission received for 71 informal complaints and the associated complaint resolution letters it sent to all parties informing them of the Commission's determination. That documentation included items such as the complaint, the utility's response, and any additional support collected by the Commission during its complaint review. Auditors determined that the Commission:

² The Commission's procedures define these ratings as (1) emergency - when the complainant experiences a lack of service, interruption, or disconnection of utility service, (2) priority - when the complainant's information is forwarded to the Commission by key state officials, or a complainant names a key state official in a complaint, or (3) normal - all other complaints.

- Ensured that it collected required customer information. **For 66 (98.5 percent) of 67 applicable informal complaints tested, the Commission obtained all the necessary information (see text box for the required information). In the remaining complaint, the Commission did not document the account number for the customer in the file; however, the Commission was able to resolve the informal complaint without that information.**

Required Information Collected

The Commission is required to collect and retain information for each complaint. That information includes:

- The **customer's information, including name, service address, and contact information.**
- Name of the utility.
- Account number.
- Information about the complaint.
- Any other relevant supporting documentation.

Source: The Texas Administrative Code.

- Cited applicable statute in its complaint resolutions. **For all 67 applicable informal complaints tested, the Commission cited applicable statute as required by its procedures in all applicable complaints tested. Auditors reviewed the complaints to verify that the citations were relevant to the customer's complaint and in accordance with Title 16, Texas Administrative Code, Chapters 24 through 26, which establishes the rules and requirements that the Commission must follow to regulate the state's electric, telecommunication, and water and sewer utilities.**
- Attempted to resolve complaints within 35 days of receipt as required. **For 69 (98.6 percent) of 70 applicable informal complaints tested, the Commission attempted to resolve complaints within 35 days of receipt as required by Title 16, Texas Administrative Code, Section 22.242(d). The remaining complaint was resolved one day late.**
- Notified parties/complainants of resolutions and the justifications. **In all 70 applicable informal complaints tested, the Commission sent a resolution letter detailing the complaint and the Commission's determination based on rules and requirements. In addition, for 59 (98.3 percent) of 60 inquiries tested, the Commission appropriately documented the resolution through either a resolution letter or a referral to the appropriate entity. Title 16, Texas Administrative Code, Section 22.242(d), requires the Commission to send a written complaint resolution to all parties.**

Recommendation

The Commission should ensure that all utility customer interactions are handled consistently, including documenting in its procedures the descriptions and differentiations for inquiries and complaints.

Management's Response

The Public Utility Commission of Texas concurs with the State Auditor's Office recommendation to ensure that all utility customer interactions are handled consistently. The Customer Protection Division Director will update the procedural manuals to include a description of what differentiates an inquiry from a complaint.

Target date: August 31, 2019.

Chapter 1-B
Rating:
Medium³

Chapter 1-B

The Commission Should Strengthen Its Process for Informal Complaints

Auditors identified opportunities for the Commission to improve certain parts of its process for informal complaints. For example, the Commission should ensure that its process for informal complaints is consistent with Texas Administrative Code requirements, and it should improve its quality review process to ensure that data in its Complaints Database was entered appropriately. In addition, the Commission should consider enhancing its process to help ensure that customers receive resolutions for instances in which the utility company does not respond to an informal complaint. Strengthening those aspects of its process for informal complaints can help ensure that the Commission consistently achieves its mission to protect and assist utility customers in resolving customer complaints.

Inconsistencies in Statutory Requirements and Commission Policies and Procedures

Auditors identified inconsistencies in Texas Administrative Code requirements and Commission policies and procedures. Specifically:

- Title 16, Texas Administrative Code, Section 22.242, which describes the Commission's procedures for informal and formal complaints, requires all complaints to be docketed. Docketing is defined in Title 16, Texas Administrative Code, Section 22.2, as a proceeding handled as a contested case under the Administrative Procedures Act (Texas Government Code, Chapter 2001). However, because the Commission's process for informal complaints does not handle them as legal proceedings, they are not docketed as required.
- Title 16, Texas Administrative Code, Section 24.153(b) [16 TAC 24.153(b)], requires water and sewer utilities to respond to a complaint within 15 days, while electric and telecommunication utilities are required to respond within 21 days. However, the Commission applies the 21-day requirement for all utilities. Auditors identified 2 (3 percent) of 67 applicable informal complaints involving water utilities that did not respond within the required time frame according to 16 TAC 24.153(b). Because the Commission's policies do not align with that requirement, the Commission did not close the complaints in a timely manner.

³ The risk related to the issues discussed in Chapter 1-B is rated as Medium because the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

Ensuring that Commission procedures align with Texas Administrative Code requirements helps ensure that complaints are handled appropriately and consistently.

Reviews of Complaint Data for Accuracy

Auditors performed data analysis and reviewed information in the Complaints Database and identified 18 instances in which the Commission did not always correctly document the company's response. For example, in 10 of those instances, the Commission incorrectly noted in the Complaints Database that the utility company had not responded when it had responded or when it was not required to respond⁴.

While the Commission has a quality assurance process to review data entry by its CPD staff, that process could be improved to ensure that it consistently identifies any data entry issues in the Complaints Database.

Complaint Closures with No Utility Response

Auditors identified opportunities for the Commission to improve procedures for resolving complaints that do not receive a response from the utility company. Specifically, while the Commission had procedures for handling informal complaints, it did not have a documented process in place to follow up on complaints that were closed without a utility company response and were referred to its enforcement division for further action.

According to its procedures, the Commission can issue a resolution letter and close a complaint when it has not received a response from the utility company within the required time frame. Auditors identified 270 informal complaints that the Commission closed without receiving utility company responses from September 1, 2017, through December 31, 2018. While all 270 informal complaints were referred to the Commission's enforcement division, because the informal complaints were closed after they were referred, no further updates were provided to the complainants as required.

Title 16, Texas Administrative Code, Section 22.242 (b), requires the Commission to update a complainant at least quarterly and until the final disposition of the complaint. The Commission could improve its process by ensuring that the final disposition of informal complaints includes the results of a referral to enforcement.

⁴ The Commission is not required to contact a utility for nonjurisdictional complaints, which include natural gas services, international calls, damage claims, wireless telephone services, or out-of-state service providers.

Recommendations

The Commission should:

- Ensure that the Texas Administrative Code and the process for reviewing informal complaints are consistent.
- Improve and document its reviews of complaint data as required by its procedures.
- Consider strengthening its process for informal complaints by documenting periodic follow-up procedures for instances in which the utility company does not respond.

Management's Response

The Public Utility Commission of Texas concurs with the State Auditor's Office recommendation and will ensure the Texas Administrative Code and the process for informal complaints are consistent. The Customer Protection Division Director will also improve and document its reviews of complaint data as outlined in our procedures. In addition, we will strengthen our process for informal complaints concerning situations when the utility company does not respond.

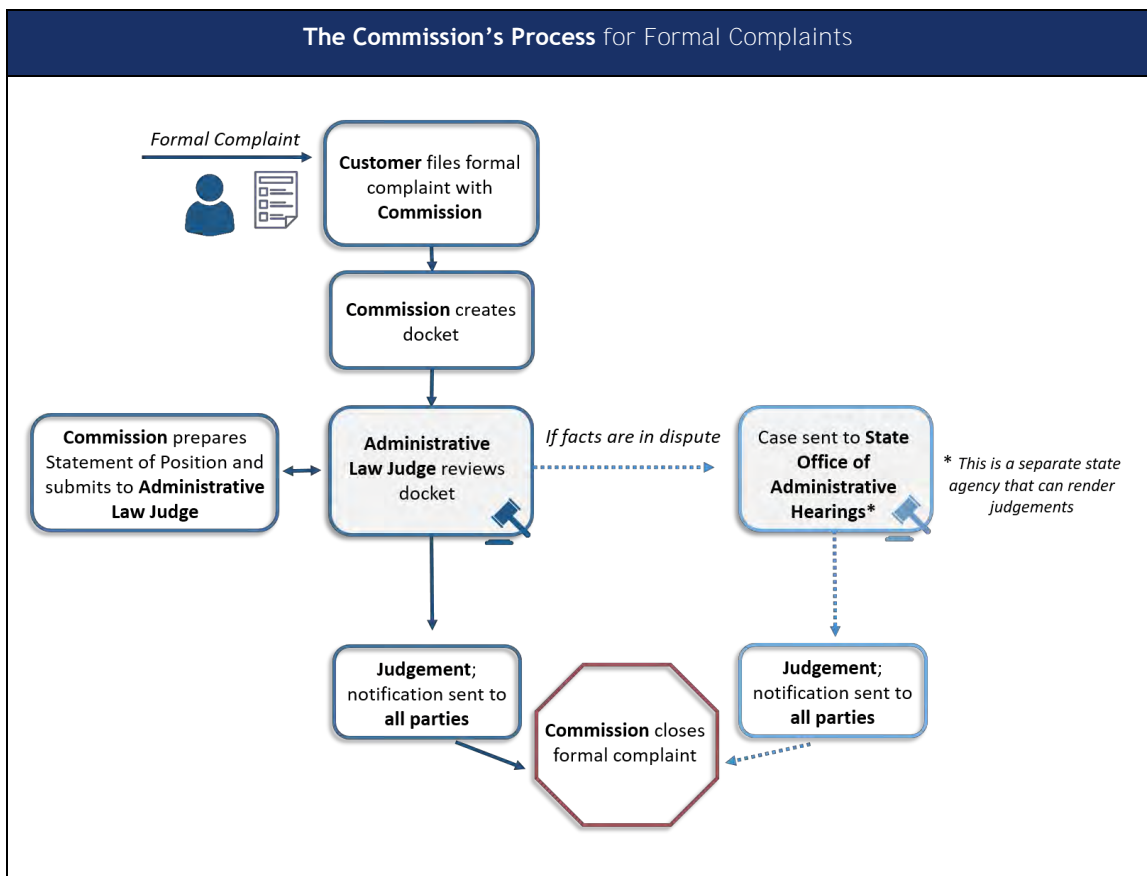
Target date: December 31, 2019.

The Commission Had a Process for Formal Complaints to Ensure That Those Complaints Were Handled in Accordance with Applicable Requirements

Chapter 2
Rating:
Low ⁵

The Commission had a process to review utility customers’ formal complaints in accordance with applicable requirements. That process for formal complaints helped ensure that the Commission complied with statutory and procedural requirements. Figure 2 describes the process for formal complaints.

Figure 2



Source: The State Auditor’s Office created this figure based on information from the Commission.

⁵ The risk related to the issues discussed in Chapter 2 is rated as Low because the audit identified strengths that support the audited entity’s ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.

To open a formal complaint, the Commission creates a docket, which establishes it as a legal proceeding. According to the Texas Administrative Code, the process for formal complaints can be initiated only under specific circumstances (see text box).

The Commission staff is a party to the complaint and may serve as a facilitator to help utility customers in obtaining a legal resolution to a utility complaint through its process for formal complaints. The process, if pursued fully, results in a hearing before an Administrative Law Judge at the State Office of Administrative Hearings. That Administrative Law Judge issues a proposed final decision that is reviewed by the Commission before the complaint is resolved with a final order that is entered by the Commission.

Auditors reviewed the formal complaints process to determine whether the Commission was handling formal complaints in accordance with applicable requirements. Auditors tested all 29 formal complaints received from September 1, 2017, through December 31, 2018, and determined that the Commission:

- Obtained complete information about complainants and complaints. For all 29 formal complaints tested, the Commission staff obtained all required information to open a formal complaint, such as the complainant's name, contact information, service address, utility, and complaint facts. Title 16, Texas Administrative Code, Section 22.242(e), outlines the information that the Commission is required to collect from the customer.
- Safeguarded personally identifiable information. Auditors reviewed all publicly available documentation for the 29 formal complaints tested and did not identify any personally identifiable information. Title 16, Texas Administrative Code, Section 22.71(d), specifies how the Commission handles confidential information. Formal complaint documents are maintained in the Commission's Agency Information System (AIS), which is accessible on the Commission's Web site.
- Opened formal complaints appropriately. All 29 formal complaints tested were assigned a docket number in AIS. Title 16, Texas Administrative Code, Section 22.242(g), requires complaints to be docketed, or opened as a formal legal proceeding.

Standing to File Formal Complaints

The Commission's process for formal complaints is initiated only under the following circumstances:

- Municipal electric, water, or sewer utility complaints that have been previously presented to the original municipality.
- Complaints that originally went through the Commission's informal resolution process and the customer was not satisfied with the resolution.
- Complaints for which Commission staff determine good cause to waive the requirement to first pursue an informal resolution.
- Complaints filed by parties that are defined by the Texas Administrative Code as allowed to bypass the process for informal complaints. For example, any city is allowed to bypass that process.

Source: Title 16, Texas Administrative Code, Sections 22.242(c) and 22.242(e).

- Verified that complainants had standing to file a formal complaint. All 29 formal complaints tested met the requirements to file a formal complaint. To file a formal complaint, Title 16, Texas Administrative Code, Sections 22.242(c) and (e), requires customers (1) to seek an informal complaint resolution prior to initiating the process for formal complaint; (2) be exempt; or (3) be granted a waiver.
- Notified the parties appropriately of the final disposition of the case. Of the 29 formal complaints tested, auditors identified 16 that had been resolved, withdrawn, or dismissed⁶. For those complaints, the Commission either issued a final order signed by the majority of its commissioners or appropriately documented the reason for the withdrawals or dismissals.

The Commission staff must provide a Statement of Position within the time frame requested by the Administrative Law Judge. The Statement of Position is the result of Commission staff's initial review of the formal complaint and includes complaint information and a recommendation to the Administrative Law Judge.

For 26 (96 percent) of 27 applicable formal complaints tested, the Commission staff provided a Statement of Position as applicable within the time frame requested by the Administrative Law Judge. The remaining complaint's Statement of Position was filed nine days after the date the Administrative Law Judge ordered. The Commission staff asserted that the identified issue occurred because the assigned attorney did not review the hard copy order, and the Statement of Position was not scanned into its AIS system in a timely manner. While the Commission's process for formal complaints involves following the Administrative Law Judge's orders, the Commission did not have documented procedures for formal complaints. Having documented procedures for the process for formal complaints can help ensure compliance with the Administrative Law Judge's orders and that cases are resolved in a timely manner.

Recommendation

The Commission should develop written procedures to document the process for formal complaints and ensure that it has appropriate controls in place to file Statements of Position timely.

⁶ According to Texas Government Code, Section 2001.142, in the event that the hearing is dismissed or withdrawn, the Administrative Law Judge's order meets the requirement to notify the complainant.

Management's Response

The Public Utility Commission of Texas agrees with the recommendations of the State Auditor's Office. The Legal Department will document our processes, policies, and procedures relating to formal complaints to ensure that we have appropriate controls in place to file Statements of Positions timely. The Legal Department expects to have policies and procedures relating to formal complaints in place within 6 months.

The Commission Had Certain Information Technology Controls Over Its Complaints Systems, But It Should Improve Access Controls for Those Systems

Chapter 3
Rating:
Low ⁷

The Commission had certain information technology (IT) controls for both its Complaints Database and Agency Information System (AIS) (see text box for more information about the systems). Specifically, the Commission had:

- Certain policies and procedures in place to help ensure IT security.
- Appropriate application controls over key fields and data in the Complaints Database and AIS.
- Appropriate user access to servers.

Commission IT Systems

The Commission uses two information systems to process complaints.

- Complaints Database - An internal system developed to track and manage information and documents for informal complaints.
- Agency Information System (AIS) - A Web-based document management system (also called the Interchange) for all information for docketed cases (including formal complaints).

Source: The Commission.

However, auditors identified weaknesses in the Commission’s user access controls for the Complaints Database and AIS. While the Commission had some user access policies, it did not have sufficient policies and procedures to ensure that it periodically reviewed all access rights. As a result, some users in both systems had unnecessary access rights for their job duties, which could increase the risk of unauthorized changes to complaint records and documents. Auditors communicated details of the issues identified to Commission management.

Recommendation

The Commission should strengthen its user access policies to ensure that all access to IT systems is appropriate and periodic reviews are performed and documented.

Management’s Response

The Public Utility Commission of Texas concurs with the State Auditor’s Office recommendation to strengthen the language of the current user access

⁷ The risk related to the issues discussed in Chapter 3 is rated as Low because the audit identified strengths that support the audited entity’s ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity’s ability to effectively administer the program(s)/function(s) audited.

policies and to ensure that access to IT systems are appropriate and to add a periodic review of user access to existing access control procedures.

Target Date: August 31, 2019

Appendices

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Public Utility Commission of Texas (Commission) has processes and related controls to help ensure that it reviews, investigates, and resolves complaints in accordance with applicable requirements.

Scope

The scope of this audit covered customer interactions (inquiries and informal complaints) and formal complaints received by the Commission from September 1, 2017, through December 31, 2018.

Methodology

The audit methodology included reviewing statutes, rules, and the Commission's policies and procedures; collecting information and documentation; performing selected tests and other procedures; analyzing and evaluating the results of those tests; and interviewing Commission management and staff.

Data Reliability and Completeness

Auditors evaluated complaint data from the Commission's Complaints Database, which is the system the Commission uses to manage informal complaints. Auditors determined that the complaint data in the Commission's Complaints Database was sufficiently reliable for the purposes of the audit.

Auditors also evaluated complaint data from the Commission's Agency Information System (AIS), which is the system the Commission uses to track documents related to formal complaints. The Commission uses AIS to document various legal proceedings, of which formal complaints are a small subset. To identify the population of formal complaints, auditors searched AIS for all dockets created that referenced complaints. Because the Commission does not uniquely distinguish formal complaints from other legal proceedings in AIS, the population of formal complaints was of undetermined reliability for the purposes of this audit. Auditors tested all 29 formal complaints they identified in AIS.

In addition, auditors tested certain general and application controls for those two systems to help assess data reliability and completeness.

Sampling Methodology

To test compliance with requirements, auditors selected a nonstatistical sample of 60 customer interactions and 60 inquiries primarily through random selection designed to be representative of the population. Test results may be projected to the population, but the accuracy of the projection cannot be measured.

In addition, auditors selected a nonstatistical sample of 60 informal complaints through random selection to test compliance with requirements. Auditors selected an additional 11 informal complaints for testing based on risk. Those sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to the population.

Information collected and reviewed included the following:

- The Commission's complaint-related rules, policies, and procedures.
- Informal complaint data from the Commission's Complaints Database for September 1, 2017, through December 31, 2018.
- Formal complaint data from AIS for September 1, 2017, through December 31, 2018.

Procedures and tests conducted included the following:

- Reviewed the Commission's policies and procedures.
- Interviewed the Commission's Consumer Protection Division Director and other Commission staff.
- Tested a sample of customer interactions submitted to the Commission between September 1, 2017, and December 31, 2018.
- Tested a sample of informal complaints submitted to the Commission between September 1, 2017, and December 31, 2018.
- Tested all identified formal complaints submitted to the Commission between September 1, 2017, and December 31, 2018.

Criteria used included the following:

- The Commission's policies and procedures, including its Public Utility Commission Consumer Protection Division Procedures Manual.
- Title 2, Texas Utilities Code (Public Utility Regulatory Act).
- Title 16, Texas Administrative Code, Chapters 22 and 24 through 26.

Project Information

Audit fieldwork was conducted from December 2018 through April 2019. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Thomas Andrew Mahoney, CGAP (Project Manager)
- Arnton Gray (Assistant Project Manager)
- Jerel Deacon
- Jennifer Grant, MPA
- Austin McCarthy, MAcy
- Daniel Spencer, MSA, CFE
- Mary Ann Wise, CPA, CFE (Quality Control Reviewer)
- Courtney Ambres-Wade, CFE, CGAP (Audit Manager)

Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited <u>or</u> the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could <u>moderately affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could <u>substantially affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could <u>critically affect</u> the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Information Related to Informal Complaint Types and Concentration by County

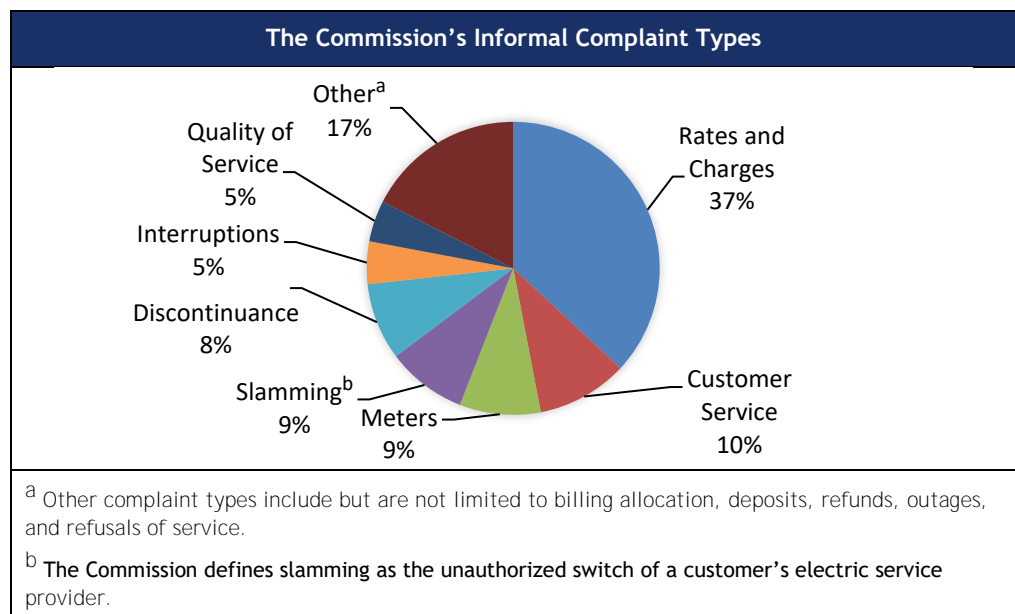
Informal Complaint Types

From September 1, 2017, through December 31, 2018, the Public Utility Commission of Texas (Commission) received 15,959 customer interactions, including inquiries and complaints. Of that total, 8,217 were informal complaints from electric, telecommunication, and water and sewer utility customers within the Commission’s jurisdiction. Of those informal complaints filed:

- 6,260 (76 percent) were electric utility complaints.
- 734 (9 percent) were telecommunication utility complaints.
- 1,223 (15 percent) were water and sewer utility complaints.

See Figure 3 for a percentage breakdown of the types of informal complaints filed from September 1, 2017, through December 31, 2018.

Figure 3

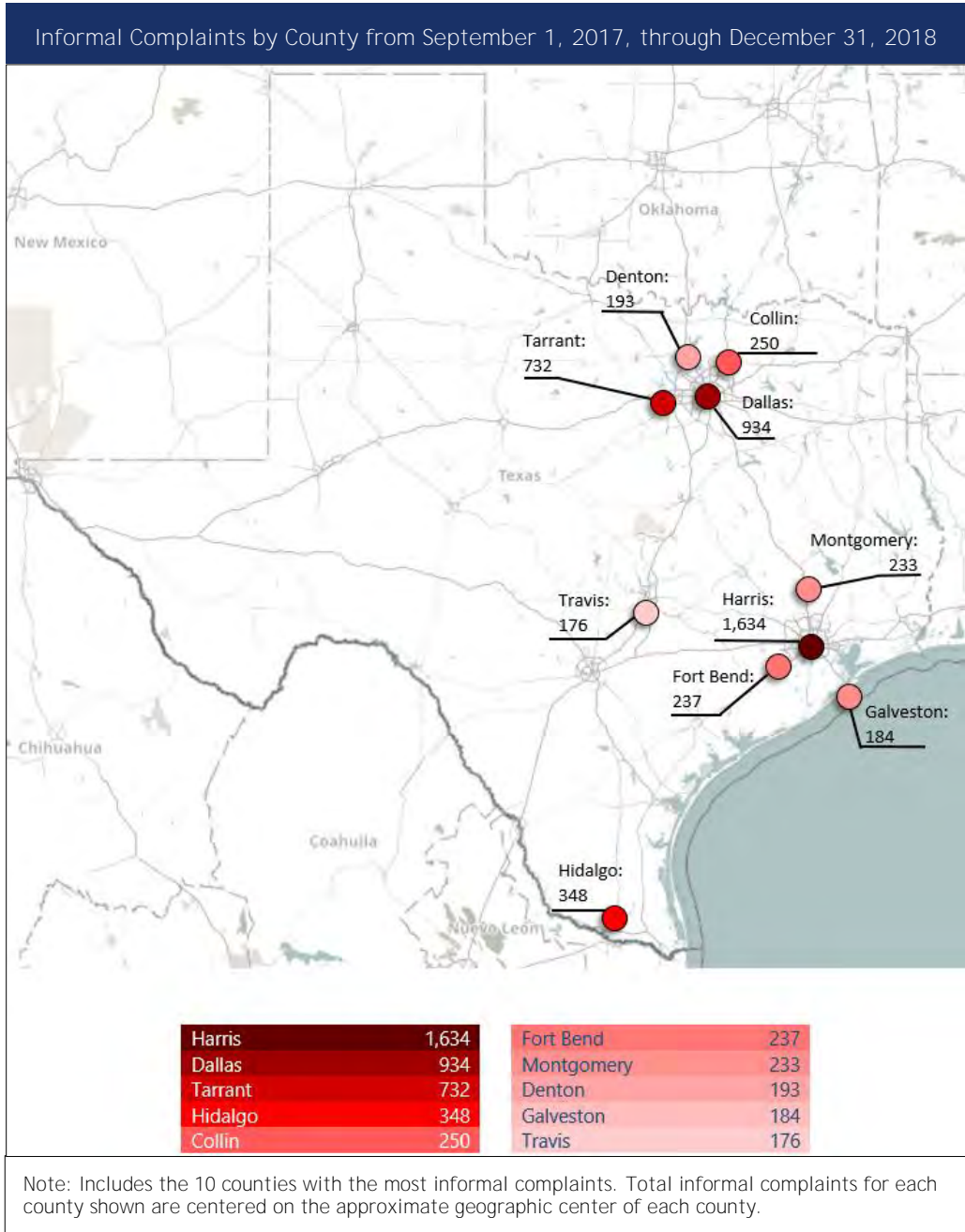


Source: The Commission.

Informal Complaints by County

The Commission received informal complaints from 224 of the 254 counties in Texas. Six counties (Collin, Dallas, Fort Bend, Harris, Hidalgo, and Tarrant) initiated more than half of all informal complaints the Commission reviewed. Figure 4 represents the complaints the Commission received from September 1, 2017, through December 31, 2018, for the 10 counties with the most informal complaints.

Figure 4



Source: The State Auditor's Office created this figure based on information from the Commission.

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dennis Bonnen, Speaker of the House, Joint Chair

The Honorable Jane Nelson, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable John Zerwas, House Appropriations Committee

The Honorable Dustin Burrows, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Public Utility Commission of Texas

Members of the Public Utility Commission of Texas

Ms. DeAnn T. Walker, Chairman

Ms. Shelly Botkin

Mr. Arthur C. D'Andrea

Mr. John Paul Urban, Executive Director



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