Exhibit No. 112

Staff – Exhibit 112
Charles Tyrone Thomason
Direct Testimony (Cost of Service)
File No. WR-2022-0303

Exhibit No.:
Issue(s): *Customer Service*
Witness: *Charles Tyrone Thomason*
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MISSOURI PUBLIC SERVICE COMMISSION

FINANCIAL AND BUSINESS ANALYSIS DIVISION

CUSTOMER EXPERIENCE DEPARTMENT

DIRECT TESTIMONY

OF

CHARLES TYRONE THOMASON

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

Jefferson City, Missouri
November 2022

DIRECT TESTIMONY OF

CHARLES TYRONE THOMASON

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WR-2022-0303

Q. Please state your name and business address.

A. My name is Charles Tyrone Thomason. My business address is 200 Madison Street, Jefferson City, MO 65101.

Q. By whom are you employed and in what capacity?

A. I am a Senior Research/Data Analyst in the Customer Experience Department for the Missouri Public Service Commission ("Commission"). My duties as an analyst for the Commission include, but are not limited to, tracking call center statistics for large regulated utilities, researching and managing formal complaints, preparing and reviewing investigative reports at the Commission, and participating in Commission Staff ("Staff") recommendations.

Q. Please describe your educational background and work experience.

A. My education and work experience are attached as Schedule CTT-d1.

Q. Have you previously filed testimony before the Commission?

A. Yes, also on Schedule CTT-d1 is a list of cases before the Commission in which I provided Staff recommendation or significant analysis.

EXECUTIVE SUMMARY

Q. What is the purpose of your direct testimony?

A. The purpose of my testimony is to address the customer service, specifically the call center performance, of Missouri-American Water Company ("MAWC"). Staff

recommends MAWC conduct an independent audit of its call center apparatus to assess issues that have affected its performance for over two years.

CUSTOMER SERVICE

Q. Would you please describe the call centers MAWC uses for customer service?

A. Yes. MAWC uses American Water Works Service Company, Inc. ("Service Company"), a subsidiary of American Water Works Company, Inc. ("AWWC"), for its call center operations. Customer service calls from all AWWC customers across the country are processed by either the Service Company's Customer Service Organization ("CSO") or by one of two third-party vendors (CG Services and EOS). As of September 2022, 162 of the customer service representatives available for customer calls are from CSO and 156 are from third-party vendors. Combined, this is the "customer care" component of its call center operations. MAWC also utilizes a separate collection agency for calls regarding bills that are past due for more than ten (10) days. Starting in 2018, the CSO began transitioning its customer service representatives to remote work. The process accelerated at the onset of the COVID-19 pandemic. As of September 2022, the vast majority of both CSO and third-party representatives work remotely, with the exception of ten (10) CSO representatives.[1] Despite the fact that most of the representatives are not working in a physical call center location, I will refer to the "customer care" representatives collectively as the "call center."

Q. You mentioned that the call center MAWC uses is operated by the Service Company, and that it processes calls for all AWWC customers. In detailing your concerns with MAWC's call center issues, will you discuss Missouri customers or all AWWC customers?

[1] Case No. WR-2022-0303, Staff Data Request Nos. 0200 and 0202.

A. Since January 2020, MAWC has provided Staff with the statistics for both MAWC and for AWWC as a whole. For the purposes of this testimony, when I cite a call center statistic I am referring specifically to MAWC unless stated otherwise. However, I do want to make it clear the problems I describe are not exclusive to Missouri customers. The data for AWWC as a whole is not exactly the same as that of MAWC customers specifically, but it is close enough that the key elements of this testimony are applicable to both.

Q. Does Staff have concerns regarding the call centers MAWC uses?

A. Yes, Staff is specifically concerned about the "customer care" component, excluding the collection agency. As a requirement from the Stipulation and Agreements from Case Nos. WM-2001-309, WR-2003-0500, and WR-2008-0311, MAWC supplies Staff with monthly call center metrics, including data such as Call Volume, Staffing, Average Speed of Answer ("ASA"), and Abandoned Call Rate ("ACR"). Over the past two years, Staff has observed through these metrics that the "customer care" component has suffered from a significant deterioration of service quality. Specifically, Staff has concerns about MAWC's ASA and ACR statistics.

Q. What is ASA?

A. ASA is the average length of time each customer spends waiting to be routed to a customer service representative. For the purposes for this testimony, in all cases where ASA is discussed, the start time is the moment the caller is finished selecting options in the Interactive Voice Response ("IVR") system and the end time is the moment the caller is connected with a live customer service representative. If the caller is placed on hold again after that first contact, the time spent on hold is not included in the ASA.

Q. Why is ASA a good metric for evaluating call center performance?

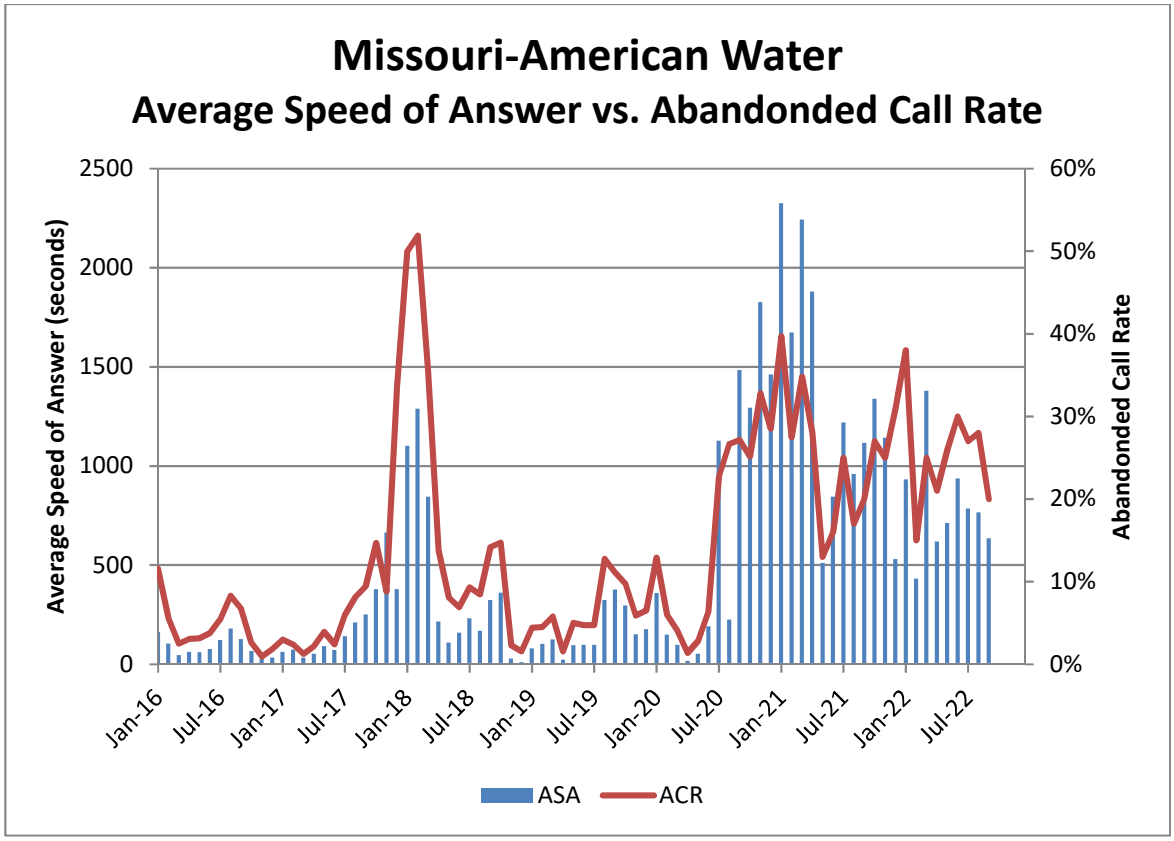
A. There are two main reasons. First, ASA is an important indicator of the efficiency of a call center. Increases in ASA levels are typically a symptom of another issue such as atypical call volume, call center understaffing, training deficiencies, or computer system errors, to name a few. ASA levels, if too low, can even indicate overstaffing. Second, and more importantly from a customer service perspective, ASA is a facet of the customer experience. If a customer is calling the utility company about an issue, it would be that customer's expectation to obtain answers or results in a timely manner. Long wait times, prior to the customer even beginning that inquiry, add frustration and are detrimental to that customer's experience with the call center and the utility company. There is a direct correlation between ASA and ACR, or the percentage of calls that are dropped or cancelled by the customer before ever reaching a customer service representative. Regardless of whether a call is disconnected accidentally or purposefully, the customer has to begin the process all over again if he or she wants an issue addressed. This is assuming that the customer calls back at all.

Q. What concerns does Staff have with MAWC's ASA metrics?

A. Starting in July 2020, MAWC experienced an extreme spike in its ASA. In one month, the ASA jumped from 191 seconds (3 minutes and 11 seconds) in June 2020, to 1,127 seconds (18 minutes and 47 seconds) in July 2020. In subsequent months, the ASA rose even further. At its peak in January 2021, Missouri customers waited an average of 2,325 seconds (38 minutes and 45 seconds) to speak to a customer service representative. Although the ASA has improved since that high point, there have only been four months since July 2020 in which a customer could expect to wait on average less than 600 seconds (10 minutes) to speak to a customer service representative. As of September 2022 the ASA for MAWC customers in 2022 is 799 seconds (13 minutes and 19 seconds).

Q. What effect did the ASA have on MAWC's ACR metrics?

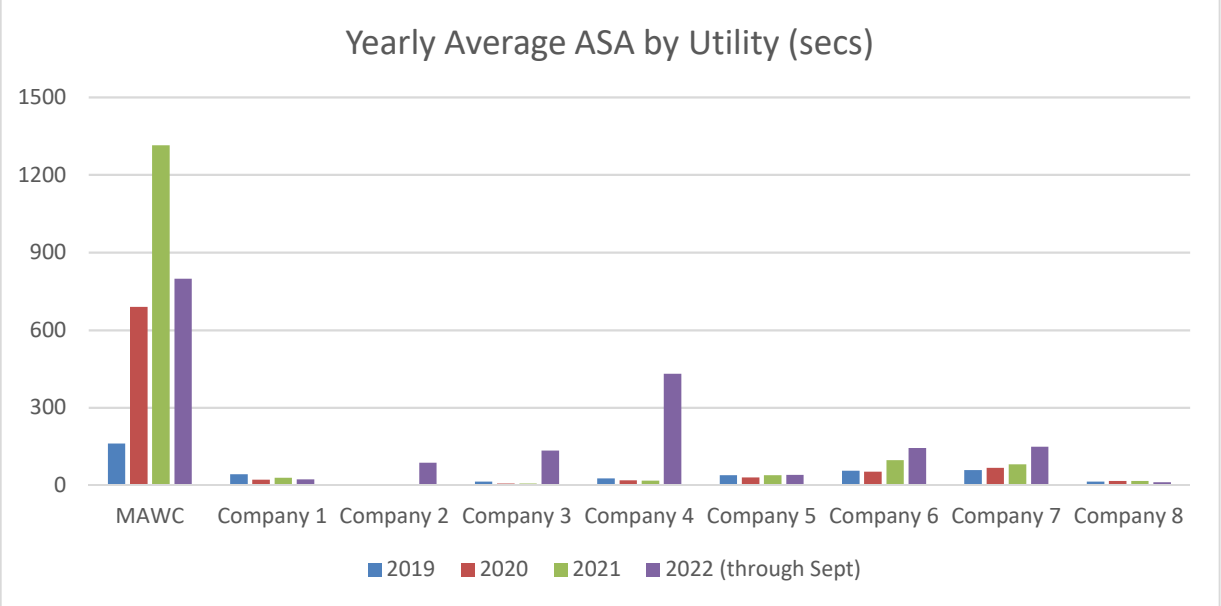
A. As I noted earlier in my testimony, there is typically a correlation between ASA and ACR. That fact bears true in this case. MAWC's ACR jumped from 6.35% in June 2020 to 22.7% in July 2020. This means that over one out of every five calls to MAWC that required the assistance of a customer service representative were terminated before reaching one. In January 2021, the same month the ASA reached its peak, the ACR also peaked at 39.70%. Since July 2020, MAWC's ACR rate has not dipped below 10%. As of September 2022, the ACR average for MAWC customers in 2022 stands at 25.56%, meaning that, on average, one out of every four calls are terminated before reaching a customer service representative. As the following table illustrates, this is mirrored by high wait times that make it difficult to reach a customer service representative in a timely manner.



Source: Case No. WR-2022-0303, Staff Data Request No. 0200.

Q. Can you provide a little context for these metrics? How do they compare with other Missouri-regulated utility call centers?

A. The graph below provides the ASA per year for MAWC and the eight Missouri-regulated utilities that provide monthly call center data to Staff, for the period of January 2019 through September 2022.[2] As you can see, the call wait times for MAWC customers are considerably longer than those of every other regulated utility company in the state of Missouri from which Staff receives call center data.

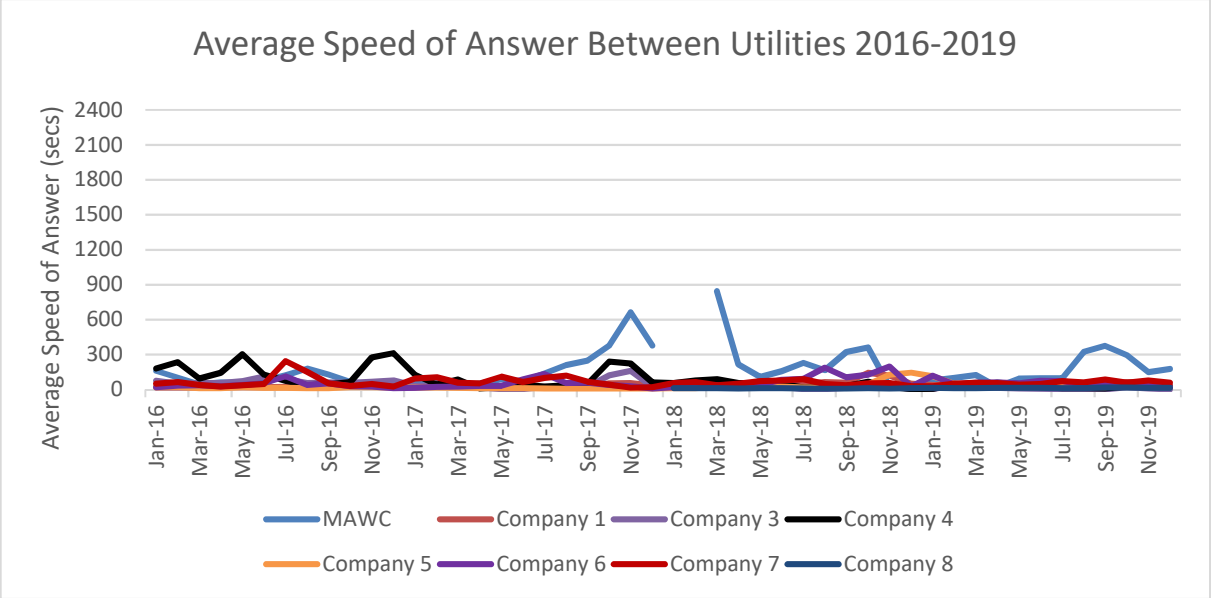


Q. Are there issues with comparing ASA between utilities?

A. Generally speaking, Staff recognizes that there are aspects to a utility's call center that are unique to its situation, and therefore the exact same performance should not be expected across all call centers. For example, a utility could have a different customer count, provide a different utility service, have all in-house or all third-party call center representatives, or have different call volume patterns. Additionally, technical issues and weather events, both

[2] Some utilities combine electric, gas, and/or water customer service in the same call center(s).

of which can affect call center performance, may impact different utilities at different times. However, as the graph below illustrates, between 2016 and 2019 MAWC's ASA was generally similar to that of other regulated Missouri utilities, with a few exceptions. As far as Staff is aware, there is no reason why MAWC should be an extreme outlier now, when this was not the case as recently as three years ago.



Source: Call center metrics provided monthy to Staff by the companies.
Note: ASA values for MAWC are unavailable for January and February 2018

Q. In your opinion do unusual events, such as weather, technical glitches, and unexpected call volume account for MAWC's high ASA levels?

A. No. Both of the ASA graphs above include periods of time when any given utility struggled with internal and external issues that impacted its call center performance. Monthly fluctuations are to be expected for these reasons. Additionally, every utility has months in the year when it typically receives more calls than other months of the year. A higher call volume can result in a higher ASA. What distinguishes MAWC from the other utility companies

is not so much that there was a spike, but that the spike was extreme and has maintained itself for a period of over two years without resolution.

Q. The COVID-19 pandemic began in 2020. Could that account for MAWC's call center performance?

A. The year 2020 was a challenging year for companies in all sectors of the economy. The call centers used by utility companies were no exception. A combination of illness and lockdowns created staffing challenges and forced companies to innovate, on short notice, in order to provide the same levels of customer service while maintaining the health and safety of their employees. At the same time, the general public experienced disruptions to life and employment habits that required more communication with the utility companies. The lingering effects of the COVID-19 pandemic persist, and Staff recognizes the unusual nature of 2020 in particular. However, other regulated Missouri utilities struggled with these same issues and more successfully managed changing circumstances within a shorter time frame. Therefore, Staff concludes that there must be other factors that made the impact of the COVID-19 pandemic on MAWC's call center performance more severe and more sustained than the other utilities.

Q. Is Staff aware of any other events that occurred in 2020 that might have impacted MAWC's ASA?

A. There are two other events Staff is aware of that may have had an impact. Starting in November 2015, the Service Company's call centers utilized a system known as Geographic Routing that essentially directed calls from a certain state or region to a customer service representative expert for that state or region. The Service Company implemented Geographic Routing after concerns arose in Case No. WO-2014-0362 that Missouri customers were not reaching customer service representatives who were familiar with the rules, tariffs,

and other circumstances particular to MAWC's customers. In May 2020, the Service Company ceased Geographic Routing on the grounds that the program was negatively impacting ASA for all AWWC customers.

Q. Is it Staff's opinion that the termination of Geographic Routing is responsible for MAWC's subsequent ASA results?

A. It is peculiar that, according to MAWC, Geographic Routing had a detrimental effect on ASA and yet the intended effect of improving ASA by eliminating it has never materialized. In fact, as shown in the graph above titled "Yearly Average ASA by Utility," the exact opposite result occurred. Furthermore, it is disappointing that, when asked to provide the results of any analyses conducted after May 2020 to study the effects of ending Geographic Routing, MAWC only provided a presentation from May 2020 that contained the analysis used to justify the change.[3] Although it seems unlikely to Staff the end of Geographic Routing alone precipitated MAWC's current call center issues, without a detailed analysis Staff is unable to conclude whether it played a role.

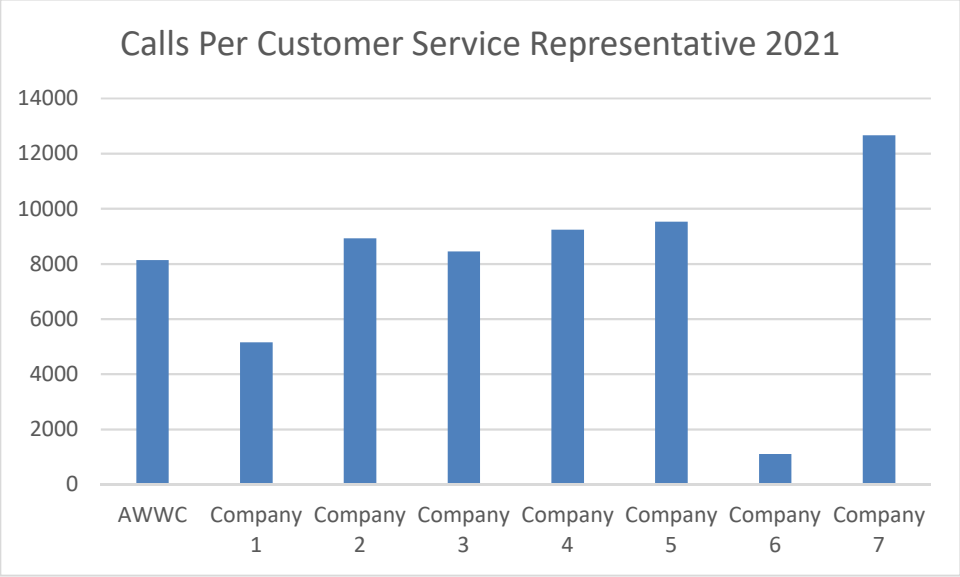
Q. You referred to two events in 2020 that might have impacted ASA. What was the second event?

A. The second event was the transition of call center representatives to remote work. As I mentioned earlier in my testimony, this process began in 2018 but accelerated with the onset of the pandemic in 2020.[4] Without a detailed investigation, Staff cannot say if and how this change impacted call center operations, but can only note that the acceleration coincides with the call center issues.

[3] Case No. WR-2022-0303, Staff Data Request No. 0227.
[4] Case No. WR-2022-0303, Staff Data Request No. 0200.

Q. Does Staff have an explanation for MAWC's poor call center performance?

A. I have noted a few potential avenues of inquiry, but there are no easy answers. For example, the call center's staffing levels consistently declined until mid-2021, but that decline was accompanied by an overall decrease in the total call volume. Furthermore, as shown in the graph below titled "Calls Per Customer Service Representative 2021," the number of calls from all of AWWC's customers per representative remains similar to the ratios of other utility companies. This suggests that staffing or call volume may not be the main problem. Staff therefore suggests that there are systemic issues within the call center itself that need to be addressed, but is unable to draw conclusions without a more substantial investigation.



Source: Call center metrics provided monthly to Staff by the companies.
Note: Calls represent total call volume for 2021. Number of representatives is an average over the course of the year.

Q. Is Staff aware of any efforts by MAWC to improve its call center performance since 2020?

A. Staff observed that the CSO reversed the trend of reducing the number of customer service representatives available to take calls starting in 2021, and staffing numbers

are now back to 2019 levels. Additionally, Staff asked MAWC what its performance standards are for its call center and whether those standards are met. MAWC responded that the CSO has developed four goals, two of which will not be measurable until 2023, therefore I do not discuss them here. The other two goals are "75% improvement in wait times" and "first call resolution of 60% or higher."[5] At this time, Staff is seeking further information to evaluate the CSO's first call resolution goal and the results to date.

Q. What does the CSO mean by "75% improvement in wait times"?

A. The CSO has set a performance goal to improve its ASA by 75% compared to 2021's ASA.

Q. What is your opinion of this goal?

A. I think it is a step in the right direction and that the CSO recognizes current ASA levels need to be reduced significantly. However, I am concerned that the goal is inadequate and the progress insufficient.

Q. Can you elaborate?

A. Yes, I will start with inadequacy. The goal seeks a percentage reduction and uses the year 2021 as a benchmark, a year that has the worst average ASA of any year since MAWC began reporting its call center statistics to Staff. Because the reduction is percentage-based, a high starting point will result in a high end point. The average ASA in 2021 for all of AWWC was 1329 seconds (22 minutes, 9 seconds). A 75% reduction of that number would bring the ASA down to 332 seconds (5 minutes, 32 seconds), which is an improvement but still worse than the performance of the call center prior to July 2020.

Q. Can you elaborate on your concerns about progress?

[5] Case No. WR-2022-0303, Staff Data Request No. 0204.

A. As of September 2022, the ASA for all of AWWC in 2022 averaged 761 seconds (12 minutes, 41 seconds). Although it is an improvement over 2021, as of now the improvement is only at approximately 43%. There is much work to be done, and these results suggest that the underlying problems that are increasing ASA levels have not been solved.

Q. Taking all of this into account, what does Staff recommend?

A. As I have shown throughout this testimony, ASA serves a dual role as both an aspect of the customer experience and an indicator of other problems. As part of the customer experience, the effects are easily measured in wait times and ACR. As an indicator of other problems, however, ASA is limited in its ability to designate specific areas of concern. To effectively address the customer experience ramifications of ASA, MAWC must be able to identify and rectify the many possible issues that can be indicated by a high ASA. For over two years, MAWC has been unable to do so. Staff recommends that MAWC enlist a third party to conduct a comprehensive operational audit of the AWWC call centers that service MAWC customers. The audit should include, but not be limited to, operational areas such as: call center performance metrics, the virtual call center, call center training, and call routing. Such a review would assist AWWC in identifying the factors hindering its call center performance and provide a path forward to improvement. Upon completion of the audit, MAWC shall provide documentation of the results to Staff.

Q. Does that conclude your direct testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas	)))))	Case No. WR-2022-0303

AFFIDAVIT OF CHARLES TYRONE THOMASON

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW CHARLES TYRONE THOMASON and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Direct testimony of Charles Tyrone Thomason*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Charles Tyrone Thomason
CHARLES TYRONE THOMASON

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17th day of November 2022.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2025
Commission Number: 12412070

D Suzie Mankin
Notary Public

Charles Tyrone Thomason

Present Position:

I am a Senior Research/Data Analyst in the Customer Experience Department of the Financial and Business Analysis Division of the Missouri Public Service Commission. I have been employed by the Missouri Public Service Commission since December 2021.

Educational Background and Work Experience:

I earned a Bachelor of Arts degree in History and Psychology from The University of Alabama in Tuscaloosa, Alabama in 2014, during which I took coursework on statistics and quantitative research. I earned a Master of Arts degree in History from The University of Alabama in 2019.

I was previously employed for six months as an Adult Education Instructor teaching Social Studies and Language Arts at Cornerstones Career Learning Center in Huron, South Dakota. Prior to that, I was a pre-calculus tutor for Shelton State Community College in Tuscaloosa, Alabama for 2 years and a Graduate Teaching Assistant and Instructor for one year at The University of Alabama.

Case Participation:

Company Name	Case Number	Case Type / Type of Testimony	Utility Type
Spire Missouri Inc.	GO-2022-0022	Investigatory Docket- Staff Report	Gas
Missouri-American Water Company	WA-2022-0229	Certificate of Convenience and Necessity – Staff Recommendation	Water
Missouri-American Water Company	WA-2022-0293	Certificate of Convenience and Necessity – Staff Recommendation	Water
Missouri-American Water Company	WA-2022-0361	Certificate of Convenience and Necessity – Staff Recommendation	Water
Union Electric Company d/b/a Ameren Missouri	EC-2022-0291	Formal Complaint- Staff Report	Electric