

Exhibit No.:
Issue: *Quality of Service*
Witness: *Lisa A. Kremer*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Direct Testimony*
Case No.: *WC-2014-0138*
Date Testimony Prepared: *June 30, 2015*

MISSOURI PUBLIC SERVICE COMMISSION
REGULATORY REVIEW DIVISION
UTILITY SERVICES

DIRECT TESTIMONY
OF
LISA A. KREMER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WC-2014-0138

Jefferson City, Missouri
June 30, 2015

**** Denotes Highly Confidential Information ****

NP

DIRECT TESTIMONY

OF

LISA A. KREMER

MISSOURI-AMERICAN WATER COMPANY

CASE NO. WC-2014-0138

Q. Please state your name and business address.

A. Lisa A. Kremer, P.O. Box 360, Jefferson City, Missouri 65102.

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

A. I am the Manager of the Engineering and Management Services Unit with the Missouri Public Service Commission (“Commission” or “PSC”).

Q. Describe your educational and professional background.

A. I graduated from Lincoln University in Jefferson City, Missouri with a Bachelor of Science Degree in Public Administration, and with a Masters Degree in Business Administration. I have successfully passed the Certified Internal Auditor (CIA) examination and am a Certified Internal Auditor.

I have been employed for approximately 28 years by the Commission as a Utility Management Analyst I, II and III and also as the Manager of the Engineering and Management Services Unit, my current position. Prior to working for the Commission, I was employed by Lincoln University for approximately two and one-half years as an Institutional Researcher.

Specifically, I have participated in the analysis of or had oversight responsibilities for reviews of numerous customer service processes and/or conducted comprehensive customer service reviews at all of the large regulated electric, natural gas and water utilities including:

1 Associated Natural Gas Company (Liberty), Union Electric Company d/b/a AmerenUE
2 (AmerenUE) Electric and Gas Companies, Empire District Electric Company, Missouri Gas
3 Energy, Atmos Energy Corporation, Kansas City Power & Light Company (KCPL), KCP&L
4 Greater Missouri Operations Company (GMO) and the predecessor company Aquila, Inc.,
5 Laclede Gas Company and Missouri-American Water Company ("Missouri American" or
6 "Company"). I have also filed service quality testimony that included analysis of various
7 service quality matters in a number of Commission proceedings involving Missouri regulated
8 utilities. At the direction of the Commission during 2001, the Engineering and Management
9 Services Unit began reviewing the customer service practices of small water and sewer
10 utilities when they request rate increases. Since 2001 the Unit has performed numerous
11 reviews of this type.

12 The Engineering and Management Services Unit has also performed management
13 audits of public utilities operating within the state of Missouri under the jurisdiction of the
14 Commission. I have served as project manager or in support roles on a number of these
15 projects during my years of employment at the Commission, as well as participated in other
16 types of utility investigation and review projects. These reviews include electric, natural gas,
17 telecommunications, water and sewer companies operating within the state of Missouri.

18 Schedule LAK-d1 is a listing of those cases in which I have filed testimony before the
19 Commission.

20 **PURPOSE OF TESTIMONY**

21 Q. Please summarize your direct testimony.

22 A. The purpose of my testimony is to indicate to the Commission that based upon
23 the analysis Staff has conducted and to the best of its knowledge, the billing errors that

1 previously occurred in Missouri American's Stonebridge Village service territory and that
2 served as the basis for the Office of the Public Counsel's Complaint, have been resolved by
3 the Company. The Staff has reviewed a number of Stonebridge bill samples over a period of
4 time since the billing errors occurred and has found those samples to be accurate and
5 consistent with the requirements of 4 CSR 240-13 and the Company's tariffs.

6 The Staff filed its "Staff Report" in Case No. WC-2014-0138, attached as Highly
7 Confidential Schedule LAK-d2, on March 14, 2014. The Staff conducted discovery and
8 analysis and Company and Staff have participated in a number of meetings to address the
9 Stonebridge Village billing errors as well as other service quality topics. On April 10, 2015
10 the Company provided Staff an updated response regarding its progress to each of
11 the 20 recommendations made in the Staff Report in Case No. WC-2014-0138, attached as
12 Schedule LAK-d3.

13 Further, as stated in *Staff's Motion to Open Investigatory Docket* in Case No.
14 WO-2014-0362, the billing issues experienced by the Stonebridge Village customers, which
15 occurred at the time of the Company's implementation of new software, were exacerbated by
16 poor call center performance. Staff requested and the Commission ordered the opening of an
17 investigatory docket into the adequacy of the Company's Call Centers. The Staff filed its
18 report in Case No. WO-2014-0362 on June 15, 2015, attached as Highly Confidential
19 Schedule LAK-d4.

20 **STAFF'S RECOMMENDATION**

21 Q. What is the Staff's recommendation in this case?

22 A. Staff is of the opinion the Company has sufficiently addressed and corrected
23 the Stonebridge Village billing errors and recommends the Commission close Case No.

Direct Testimony of
Lisa A. Kremer

1 | WC-2014-0138. Staff's investigation into the adequacy of Missouri American's Call Centers,
2 | Case WO-2014-0362 remains open and an active case before the Commission.

3 | Q. Does this conclude your testimony?

4 | A. Yes.

CASE PROCEEDING PARTICIPATION

LISA A. KREMER

PARTICIPATION		TESTIMONY
COMPANY	CASE NO.	ISSUES
Kansas City Power & Light Company	ER-2014-0370	Surrebuttal – Quality of Service
Missouri Gas Energy (MGE) a Division	GR-2014-0007	Surrebuttal – Quality of Service
KCP&L Greater Missouri Operations Company	ER-2010-0356	Rebuttal - Quality of Service
Kansas City Power & Light Company	ER-2010-0355	Rebuttal – Quality of Service
Kansas City Power & Light Company	ER-2009-0089	Surrebuttal - Quality of Service
Greater Missouri Operations Company GMO-MPs and GMO-L&P Electric	ER-2009-0090	Surrebuttal – Quality of Service
Laclede Gas Company	GT-2009-0026	Rebuttal – Quality of Service
Atmos Energy Company	GR-2006-0387	Direct – Quality of Service Report – Staff Response to Commission Order
Aquila, Inc.	GR-2004-0072	Direct - Quality of Service
Aquila, Inc.	ER-2004-0034 & HR-2004-0024	Direct - Quality of Service Rebuttal – Quality of Service
Laclede Gas Company	GR-2002-356	Rebuttal – Expense Decommissioning
Missouri Gas Energy	GR-2001-292	Rebuttal – Customer Service
UtiliCorp United Inc. / Empire District Electric Company	EM-2000-369	Rebuttal – Customer Service
Atmos Energy Company / Associated Natural Gas Company	GM-2000-312	Rebuttal – Customer Service
Raytown Water Company	WR-94-211	Rebuttal - Management Audit

SCHEDULE LAK-d2

HAS BEEN DEEMED

HIGHLY CONFIDENTIAL

IN ITS ENTIRETY



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April 10, 2015

Missouri Public Service Commission
Governor State Office Building, 8th Floor
Jefferson City, MO 65101

Attention: Mr. Kevin Thompson
Kevin.Thompson@psc.mo.gov

RE: ***The Office of the Public Counsel v. Missouri-American Water Company; Case No. WC-2014-0138***

Dear Mr. Thompson:

This will follow up a conference call we had with Staff yesterday, and Lisa Kremer's request for an updated response to the 20 recommendations in this matter.

As you will recall, this matter was filed in 2013 in response to billing issues that Missouri-American Water Company ("MAWC") experienced in the Stonebridge development in Branson, Missouri. MAWC employees spent many hours working closely with the customers in Stonebridge in order to fix the billing issues in that development.

Missouri PSC Staff filed a report on March 14, 2014 that culminated in twenty recommendations for MAWC. MAWC responded to the Staff report on March 18, 2014. While there was some exchange between MAWC and Staff around that time, there have not been significant discussions with regard to the twenty recommendations for several months.

Accordingly, in an effort to bring this matter closer to a resolution, MAWC provides its updated response to the twenty recommendations:

Recommendation No. 1 Ensure that each of the Stonebridge customers receive their revised customer billing statement for the six-month billing period of June through November 2013 (Company refers to these as "Summaries").

MAWC Response Completed. A summary was created and mailed to all customers in Stonebridge. Each summary was archived on the customer's account in our system.

Recommendation No. 2 Ensure that Customer Service Representatives are properly trained to respond to Stonebridge customers inquiring about their billing statements from June 2013 through December 2013.

MAWC Response Completed. Since the Stonebridge events in 2013, the CSC Education and Development Team provided billing training to the Customer Service Representatives. This included classroom time with a trainer for each CSR. The Education and Development team continues to provide individual coaching. Further, more informal “Water Cooler” sessions have also provided the supervisors the opportunity to talk to their teams outside of the classroom training on how to respond to billing inquiries. In addition, PSC Staff members met with the Manager of the Education and Development Department in October 2014, and were provided with a copy of our training manual, which includes 24 separate training modules. MAWC has responded to several Data Requests with more detailed information that would also be responsive to this request. Please see MAWC’s responses to Data Requests Number 47 in WC-2014-0138 and Numbers 15, 16, 17, 18, 19, and 40 in WO-2014-0362.

Recommendation No. 3 Ensure that no Stonebridge customer accounts are mailed a delinquent notice (a) until Staff is assured that Stonebridge customers have had an appropriate amount of time to make payment of their revised billing statements for the six-month period of time and (b) until Staff is assured that the Company is correctly billing the Stonebridge customers each month. Staff will inform the Company when the mailing of any necessary delinquent notices to the Stonebridge customers can be reinstated.

MAWC Response Completed. Stonebridge customers affected by the billing incidents between May 2013 and December 2013 are currently on a collection hold and have been for over 16 months.

On November 25, 2013, a mass collection hold was applied to active customer accounts in the Stonebridge community. The expiration date for the hold was set for over one year later, December 1, 2014. When the hold expired on December 1, 2014, the hold was reapplied to the affected customers with no expiration date.

Recommendation No. 4 Ensure that no Stonebridge customers’ services are discontinued due to delinquent nonpayment (a) until Staff is assured that Stonebridge customers have had an appropriate amount of time to make payment of their revised billing statements for the six-month period of time and (b) until Staff is assured that the Company is correctly billing the Stonebridge customers each month. Staff will inform the Company when the Stonebridge customers’ discontinuance of service due to delinquent nonpayment can be reinstated.

MAWC Response Completed. The hold referenced in Response No. 3 above has prevented the affected customers from being shut off for non-payment of balances associated with this event.

Recommendation No. 5 Eliminate the water usage charges and the wastewater usage charges for the months of June, July, August, September, October and November 2013 for all Stonebridge customers. Staff is of the opinion that the Company should not charge the Stonebridge customers a water usage charge or a wastewater usage charge for the months of June, July, August, September, October and November 2013 due to the Company’s prolonged inability to ensure accurate billing for the Stonebridge customers as well as its inability to correct its billing mistakes.

MAWC Response Staff Recommendation No. 5 fails to recognize that, in spite of the billing issues, MAWC provided valuable water and sewer services to its Stonebridge customers during the months of June - November, 2013. Nevertheless, MAWC has been very flexible in adjustments it has made for Stonebridge customers in addressing their concerns.

Recommendation No. 6 Review every Stonebridge account for the June through December 2013 billing periods for unexplainable high water usage. Make credit adjustments to those customer accounts where the high water usage is unexplainable.

MAWC Response A review occurred for Stonebridge customers during the periods in question. After December 2013, Stonebridge accounts were reviewed prior to release of bills by a billing specialist knowledgeable of the Stonebridge event. Any Stonebridge customer who notified MAWC of a dispute with unexplainable high consumption would have received the same level of manual review and, if warranted, a billing adjustment.

Recommendation No. 7 Perform an audit of each premise in Stonebridge to ensure each customer account is assigned the correct wastewater rate schedule: Schedule A or B.

MAWC Response Completed.

Recommendation No. 8 Provide Staff 30 Stonebridge customer sample bills each month. Staff will inform the Company each month of the Stonebridge customer bills to be provided and the bills will be provided to Staff within seven days following the mailing of the bills to the Stonebridge customers. The Company will provide these monthly sample bills until Staff is assured that the Company is correctly billing the Stonebridge customers each month.

MAWC Response Agreed. MAWC will provide the Staff with thirty (30) Stonebridge customer sample bills each month.

Recommendation No. 9 Perform an audit of Stonebridge customer accounts of all Wastewater Primacy Fees to ensure that customers were only charged the Fees in January of each year following acquisition of Stonebridge and refund all incorrectly charged Wastewater Primacy Fees to the appropriate customers.

MAWC Response Complete. Accounts with duplicate Sewer Primacy Fees were credited during the last quarter of 2014. The line item description was updated and appeared on the January 2015 billing as a "Sewer Primacy Fee."

Recommendation No. 10 Change the Wastewater Primacy Fee to Service Connection Fee on the Stonebridge customer billing statements.

MAWC Response Customer invoices released in January 2015 included the updated line item description of "Sewer Permit Fee."

Recommendation No. 11 Implement a meter change program that records images of both meter numbers, both meter reads and identification of the radio frequency equipment and retain the information for two years.

MAWC Response In the past, meter changing for Stonebridge was performed by a third party contractor. The contractor would write the old meter reading on a piece of paper, replace the meter, then record the new meter number and reading on paper. That information was then sent to a data processing group who would enter the handwritten readings into the system. This manual process was prone to errors.

MAWC has brought the meter changeout process in house. At the time of the meter change, we enter the old meter reading and new meter number in a laptop computer at the meter changeout site. We have found that this process has eliminated errors that are typically seen with the prior handwritten process with multiple handoffs.

Recommendation No. 12 Eliminate the use of proration of customers' bills as agreed to by MAWC in the Non-Unanimous Stipulation and Agreement, and ordered by the Commission in Case No. WR-2011-0337.

MAWC Response Our new system has validations and billing triggers that have resolved previous issues associated with proration. We are continuing to refine the prorated billing report to provide meaningful data based on Staff's feedback.

Recommendation No. 13 Comply with all billing and payment standards rules in Chapter 13.

MAWC Response Agreed.

Recommendation No. 14 Respond thoroughly and promptly, which is within 14-21 days unless agreed upon by Staff and MAWC representatives, to the Commission's informal complaints and inquiries with their investigations and the capability to provide all documents to support the Company's position.

MAWC Response Agreed. As part of a resolution of this matter, MAWC agrees with this recommendation.

Recommendation No. 15 Ensure that the Company's employees that are Subject Matter Experts regarding customer service issues are available for the Periodic Meetings between Staff and the Company, which were ordered in Case No. WR-2011-0337.

MAWC Response MAWC will continue to participate in periodic meetings with Staff as directed by the Commission's Order Approving Non-Unanimous Stipulation and Agreement in Case No. WR-2011-0337. We will have all available personnel participate in the meetings as required by Staff.

Recommendation No. 16 Develop a system to ensure that each customer's call to the Company's call center is documented with detail on the customer's account and includes steps taken to obtain resolution.

MAWC Response Customer Service Representatives enter interaction records in the system for all customer calls documenting such calls with notes and any necessary action items.

Recommendation No. 17 Develop a system to ensure that all customers contacting the Company's call center requesting a return phone call, receive a phone call in a timely manner.

MAWC Response Agreed.

Recommendation No. 18 Develop a system to monitor the types of inbound calls received at the Company's call center so that the Company can respond and adjust its operations to critical issues affecting its customers.

MAWC Response The call center has an operations team that has a core function to monitor incoming call volumes for changes in call volume. When an increase in call volume is identified the operation analysts identify the cause(s). Once the cause is identified adjustments are made in staffing resources.

Recommendation No. 19 Record 100 percent of all customer calls between call center representatives and Missouri-regulated customers. Archive recorded calls in a manner that they may be retrieved and reviewed by the Company, Staff, and the OPC for a period of no less than six months.

MAWC Response MAWC is currently recording a percentage of calls and has made them available to Staff when requested. In conjunction with a resolution of this matter, MAWC will have the Call Center expand this to 100% of Missouri calls.

Recommendation No. 20 Ensure that the Company's call center representatives are adequately trained in a timely manner to respond to all customers' requests for information. Evaluate the training materials and manner in which call center representatives are trained regarding issues such as billing calculations, wastewater usage calculations, and others.

MAWC Response Agreed.

We would welcome an opportunity to discuss these in more detail if you would like. Thank you for your professional courtesies as we work together to bring this matter to an amicable resolution.

Sincerely,

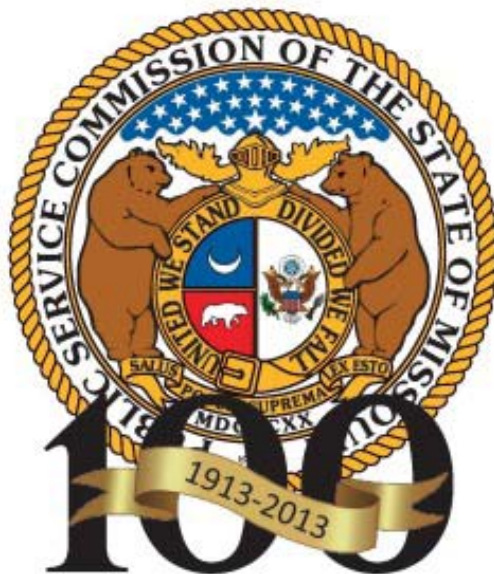
Tim Luft

Timothy W. Luft

TWL:mlo

REPORT OF STAFF'S FINDINGS INTO THE
ADEQUACY OF THE CALL CENTERS SERVING
MISSOURI AMERICAN WATER COMPANY

CASE NO. WO-2014-0362



PREPARED BY:

MISSOURI PUBLIC SERVICE COMMISSION
ENGINEERING AND MANAGEMENT SERVICES UNIT

June 15, 2015

**** Denotes Highly Confidential Information ****

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REPORT OF STAFF'S FINDINGS
CASE NO. WO-2014-0362
MISSOURI-AMERICAN WATER COMPANY CALL CENTERS
ENGINEERING AND MANAGEMENT SERVICES UNIT
Lisa Kremer and Debbie Bernsen

INTRODUCTION AND EXECUTIVE SUMMARY

On June 20, 2014, the Staff of the Missouri Public Service Commission ("Staff") filed *Staff's Motion To Open Investigatory Docket* and it was assigned Case No. WO-2014-0362, *In the Matter of Staff's Investigation into the Adequacy of the Call Centers serving Missouri American Water Company* ("MAWC", "Missouri American" or "Company"). This motion was filed in response to the Staff Report filed March 14, 2014, in Case No. WC-2014-0138. Case No. WC-2014-0138 is a case consisting of the consolidation of a numerous formal customer complaints and was filed by the Office of the Public Counsel ("OPC") on November 13, 2013. The complaints were from the Company's Stonebridge Village, Branson West, Missouri service area ("Stonebridge" or "Stonebridge Village"). In its report, "... *Staff found MAWC violated 16 distinct provisions of Chapters 10 and 13 of 4 CSR 240, did not take timely or reasonable actions to mitigate those violations or prevent additional violations ...*".

The Staff Report in Case No. WC-2014-0138 stated "*Staff began receiving an increase in customer complaints and inquiries from not only MAWC's customers in Stonebridge, but from other customers throughout MAWC's other service territories.*" The increase in complaints appeared to coincide with the implementation of a new billing customer information system (CIS) which was part of the Business Transformation Missouri project in May 2013. Total Missouri American PSC residential customer complaints from 2008 through April 30, 2015 are presented in Schedule 1 (attached). The Company serves approximately 460,000 customers.

In Case No. WO-2014-0362, *Staff's Motion To Open Investigatory Docket* indicated that many of the customer complaints that culminated in the creation of Case No. WC-2014-0138 concerned MAWC's Call Centers. Customer complaints received by Staff indicated that Call Center personnel were not reliably knowledgeable and courteous. Staff's motion to open Case No. WO-2014-0362 went on to state that the billing inaccuracies that were found at Stonebridge

Village were significantly exacerbated by the failure of MAWC's Call Centers to allay customer concerns, promptly resolve billing errors and disseminate accurate information.

Six recommendations were made to MAWC management regarding the operation of its Call Centers in the context of Case No. WC-2014-0138. Staff is of the opinion that those six recommendations continue to require the Company's diligent action to not only verify their completion but to ensure their continued implementation. Staff concerns remain regarding the Company's operation of its Call Center.

The Call Center recommendations the Staff made in the context of Case No. WC-2014-0138 are reiterated, with minor revision, in this present report as well as additional recent findings. Staff's present report is organized in the following manor:

- Introduction and Executive Summary
- Implementation Reporting
- Staff's Investigation Activities In Case No. WO-2014-0362
- Significance of Missouri's Regulated Utility Call Centers
- American Water Works Company, Inc.: Call Center Structure
- Customer Complaints that Prompted Staff's Investigation
- Special Care Group For Stonebridge Customers
- Call Center Training
- Findings, Conclusions and Recommendations

Staff's recommendations to the Company resulting from its investigation include the following:

STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

1. Ensure that Customer Service Representatives are sufficiently trained to respond in a timely manner to all customer inquiries including those regarding customer billing statements, service territories served and other inquiries. Evaluate training materials periodically and the manner in which Call Center representatives are trained regarding issues such as billing calculations, wastewater usage calculations, service territories and make improvements when necessary.
2. Implement methods to ensure that the Company's Call Escalation Policy is followed and review periodically to ensure compliance for all Missouri calls.

3. Perform a comprehensive operational audit of the American Water Works Company, Inc. Call Centers that serve MAWC customers. The audit should commence in calendar year 2016 and include but not be limited to operational areas such as: call quality control, adherence to Company Call Center policies and procedures, accurate and timely responses to customer inquiries including those regarding billing, appropriate call escalation to supervisory personnel, verification of return calls to customers, accurate calculation of bills from multiple Missouri service territories with differing tariffs and call center performance metrics.
4. Design and implement a procedure to ensure all Missouri American customers requesting a return or follow-up phone call from the Company's Call Center, including those requested from supervisory personnel, have their calls returned.
5. Ensure that all Missouri customer calls to the Company's Call Center are documented with detail on the customer's account and include steps and Company commitments made to obtain resolution.
6. Develop a system to monitor the types of inbound calls received at the Company's Call Center so that the Company can identify critical customer reported trends and respond with corrective action if necessary.
7. Evaluate the benefits of reducing the number of regulated utilities, in the American Water Works Company, Inc., in which Call Center representatives are required to be experts. Analyze the merits of specializing Call Center representatives into fewer states.
8. Inform the Staff and the Office of the Public Counsel promptly when significant operational or service quality performance changes are planned or occur.
9. Record 100 percent of all customer calls between Call Center Representatives and Missouri-regulated customers. Archive recorded phone calls for a period of no less than 12 months and in a manner that they may be retrieved and reviewed by the Company, Staff and OPC.

IMPLEMENTATION REPORTING

In the Staff's opinion, it is important that the Company document and inform Staff regarding the specific actions the Company plans to take to address each of the recommendations in this report. It is further important that the Company keep Staff informed of its progress toward implementation of these recommendations. To that end, the Staff requests the Commission to order the Company to provide Staff, within 30 days of the filing of the report, a formal implementation plan that addresses each recommendation within the report. In addition, the Staff also requests the Commission to order the Company to file in the PSC's Electronic Filing and Information System ("EFIS"), bi-annual status reports regarding utility progress

toward addressing each recommendation. Such reporting will continue until such time as Staff verifies that the intent of the recommendations has been fulfilled.

STAFF'S INVESTIGATION ACTIVITIES IN CASE NO. WO-2014-0362

During its' investigatory work in Case No. WO-2014-0362, Staff submitted 123 data requests (DR). The DRs were submitted on July 3, 2014; July 22, 2014; August 26, 2014; October 7, 2014; October 27, 2014; November 12, 2014; December 23, 2014; March 31, 2015; April 1, 2015 and April 24, 2015. Staff has also conducted numerous on-site meetings, observations, and conference calls with Company representatives throughout its investigation as well as listened to numerous call recordings.

Four PSC staff members conducted an introductory meeting on October 7, 2014, at the Alton Illinois Call Center and also conducted call monitoring and employee interviews at the Alton Call Center on October 7 and 8, 2014. Two staff members conducted employee interviews at the Alton Call Center and conducted live call monitoring at the Alton and Pensacola, Florida Call Centers on October 29 and 30, 2014. Additional employee interviews were conducted by Staff at the Alton Call Center on January 13 and 14, 2015. On March 9, 2015, Staff met with Company personnel at the Alton Call Center to review the Company's response to DR No. 31. The Staff met with Company personnel and shadowed Company employees at its Belleville, Illinois Workforce Management Center on Tuesday, March 10, 2015. Staff also reviewed recorded customer calls on February 3 and 4, 2015, at the Commission's office. These recorded customer calls were ones chosen by Company personnel.

Additional specific customer call recordings were requested by Staff regarding a March 25, 2015 fire in the Stonebridge Village community that occurred at the home of ** _____. ** Staff and Company listened to one specific call together on May 5, 2015 at the Commission's Jefferson City office as well as observed various screens the Call Center representative reviewed and utilized in responding to the call.

During Staff's investigation in Case No. WO-2014-0362, the periodic meetings continued between Staff and the Company. Two periodic meetings were held at the Company's corporate office on July 24, 2014 and on November 6, 2014. A periodic meeting via a conference call was held January 29, 2015. A periodic meeting was also conducted May 29, 2015 via a conference call.

The Staff filed Status Reports to the Commission in Case No. WO-2014-0362 on August 4, 2014; September 8, 2014; October 6, 2014; November 12, 2014; December 5, 2014; January 9, 2015; February 9, 2015; March 6, 2015; April 4, 2015; May 4, 2015, and June 2, 2015.

The Staff does receive monthly call center metrics regarding average speed of answer (“ASA”), abandoned call rate (ACR), staffing, call volume and other useful data by which the Staff monitors specific aspects of the American Water Works Company, Inc.’s call center performance. Such measurements provide critical information in aspects of call performance and the Staff has not had significant concerns with the specific answer and call abandoned data it has been receiving from the Company. This information, however, will not capture other crucial “qualitative” aspects of performance, which is the subject of this investigation, such as specific information customers are provided and whether that information is in compliance with Commission rule and Company tariffs, the manner in which customers are treated, whether the Call Center returns calls when requested, whether calls are appropriately escalated and other critical information that does not readily lend itself to metrics.

SIGNIFICANCE OF MISSOURI’S REGULATED UTILITY CALL CENTERS

Regulated utility call centers perform a critical function in that they often serve as the primary means for customers to contact their utilities. Customers require contact with their utilities regarding a wide range of issues including:

- Report emergencies and service outages.
- Begin, discontinue, transfer or restore service.
- Make inquiries regarding bills and delinquent accounts.
- Make payment arrangements.
- Convey complaints and/or disputes.

It is imperative that call centers function in an effective manner. As many regulated utilities have done in Missouri, Missouri American has closed local business offices that once accommodated walk-in-traffic and provided customers with a utility presence in their community. As local business offices have closed, the role of utility call centers has become increasingly important as the primary point of customer communication and contact.

Call centers function in a variety of ways with varying degrees of performance. Factors that contribute to a call center's success include the sophistication of a Company's customer information system (CIS); the call center's recruitment, selection and hiring processes; the thoroughness of the training of the call center's representatives, the number of experienced staff and sufficient staffing levels; and the continual monitoring and review of call handling.

Call center representative recruitment, training and retention are particularly important in that representatives must be prepared to answer a variety of customer inquiries. These inquiries include questions regarding Company policies and procedures as well as Company tariffs and Commission rules. Accurately documenting customer information is also a critical element in the utility customer service function as well as "soft" skills of tone and demeanor.

AMERICAN WATER WORKS COMPANY, INC.: CALL CENTER STRUCTURE

Missouri American customers are served by two "Customer Service Centers" (CSCs) owned by American Water Works Company, Inc. frequently referred to as 'Call Centers.' One Call Center is located in Alton, Illinois and the other in Pensacola, Florida. The Company indicates that these two locations operate as a 'one virtual' customer service center. The two Call Centers serve 15 state regulated water and sewer operations the Company owns including: California American Water, Hawaii American Water, Illinois American Water, Indiana American Water, Iowa American Water, Kentucky American Water, Maryland America Water, Michigan American Water, Missouri American Water, New Jersey American Water, New York American Water, Pennsylvania American Water, Tennessee American Water, Virginia American Water and West Virginia America Water. All Call Center representatives respond to all calls.

The Company's business model includes having its Call Center representatives respond to a myriad of customer questions, requests and concerns from 15 different states. However, Staff has strong reservations regarding the operational practicality of such expectations upon representatives being required to be proficient and adept in knowing and distinguishing between the unique rules and regulations of 15 state utility commissions. Although Staff's ability to make a conclusive finding is limited without recorded phone calls, Staff suspects this operational practice has contributed in some manner to the deficiencies identified and reported by Missouri American customers when calling the American Water Works Company, Inc. Call Centers.

Customers calling Missouri American encounter the Company's 'interactive voice response unit' or IVR to make a selection for information or assistance. Interactive voice response units are commonly used by the other Call Centers of Missouri regulated utility companies. Main menu options of the IVR exist to assist customers without the initial aid of a Customer Service representative (CSR) and to direct calls by subject area to either a self-serve option or to subsequently speak to a representative. Self-serve options include the ability to make a payment, response to certain billing questions, initiating and terminating service and reporting emergencies. From the menu selections in the IVR, customer calls flow into queues based upon the menu choices selected and are answered by CSRs. Customers calling to report emergencies can have their calls routed to a CSR through the IVR. All calls routed to a CSR are transferred to the next available representative, whether the representative is located in Alton or Pensacola as all calls are responded to out of a shared queue.

CUSTOMER COMPLAINTS THAT PROMPTED STAFF'S INVESTIGATION

During the course of its investigation into Case No. WC-2014-0138, *The Office of the Public Counsel et al., Complainants v. Missouri-American Water Company, Respondent*, Staff was made aware of significant customer dissatisfaction with Missouri American's Call Center. Twenty-five formal customer complaints were filed that comprised Case No. WC-2014-0138, which in addition to billing errors, identified concerns, deficiencies and/or dissatisfaction with the Company's Call Center performance. Specifically identified were allegations of ineffective and/or poor customer service ranging from the Company's inability to explain the Stonebridge customers' billing statements, inaccurate information, lack of requested returned calls to customers, and service that was discourteous. Specific customer remarks included comments that service was "unfriendly" and not "accommodating."

Forty-six public comments submitted in EFIS in Case No. WC-2014-0138 included 44 customers' public comments related to billing issues and also expressed concerns with the Call Center's inability to answer the Stonebridge customers' questions. Of the 44 public comments, 23 customers expressed dissatisfaction with the Call Center representatives being unable to resolve customer issues or transfer them to another employee that could explain their bills. Some Stonebridge customers asserted the Company had committed to return customer phone calls directly from the Billing Department, but such follow-up phone calls from the

Billing Department were never received. Staff attempted, but was unable to make contact with all 44 customers to further investigate customer comments.

On November 21, 2013, a customer meeting was held at the Stonebridge clubhouse and was attended by Missouri American representatives, OPC, Staff and approximately 130 customers. Many types of service quality concerns were raised by Missouri American customers regarding multiple, inaccurate bills, and dissatisfaction and frustration with the Company's Call Center representatives' responsiveness when they called to try to resolve their billing issues.

The Company indicates that five percent of all customer calls to the Call Center received by CSRs are recorded. Even with only five percent of the calls being recorded, Staff was able to listen and evaluate 46 phone calls which were provided by the Company in response to DR No. 3, which was submitted in the individual Stonebridge customer complaints prior to the consolidation of the Complaints in Case No. WC-2014-0138. These recorded calls were between the Company and the Stonebridge customers that filed individual formal complaints. The following observations were noted:

- CSRs were generally unable to explain or answer customers' questions.
- Incorrect information was provided to the Stonebridge customers.
- Six of the 46 calls reviewed during the formal complaint investigation were placed prior to the implementation of the Company's Business Transformation system and were not related to specific billing errors in the Stonebridge area.
- CSRs were not able to resolve the matter of issue in 34 of the 46 Stonebridge calls reviewed by Staff.
- CSRs did not transfer the call to appropriate employees.
- CSRs appeared to be unfamiliar with the billing errors in the Stonebridge area.
- 27 instances were noted in which CSRs provided customers incorrect information or promised a billing review follow-up that did not occur or the follow-up call was not received by the customer.
- Two of the 27 customers were informed the bills were late due to the holiday and another customer was informed of an incorrect method of calculating a sewer bill. Six instances in which customers experienced hold times greater than four minutes in length in which the CSR did not

communicate with the customer or *provided* an updated status while researching the account.

- One customer experienced a hold time of 30 minutes and another customer was holding 15 minutes with a result ending in a disconnected call.
- Eighty-five percent of the calls reviewed occurred after the Business Transformation (BT) implementation did not result in appropriate resolution.
- Four calls Staff considered resolved on first contact, but they were not related to the Stonebridge Village billing issues and included such things as customers requesting an account number, initiating service, making a payment and reporting a problem with a grinder pump.
- CSRs interrupted and were discourteous to customers that had additional questions or had concerns with the explanation provided.
- CSRs were argumentative and failed to listen to the customers' requests for information.

Staff also identified numerous opportunities for improvement in the quality of the call recordings which supports customer comments made during the investigation of the individual formal customer complaints, in the public comments and at the Stonebridge November 21, 2013, meeting. In Staff's opinion, the majority of the incoming calls regarding the Stonebridge billing errors were not handled appropriately. These calls required additional information from the Company and/or identified coaching and additional training opportunities for the CSRs to obtain resolution. Schedule 2 (attached) presents MAWC PSC customer complaints that included comments to PSC Consumer Services Staff of service quality concerns when calling the MAWC Call Center.

SPECIAL CARE GROUP FOR STONEBRIDGE CUSTOMERS

In response to Staff's DR No. 5 in Case No. WC-2014-0138, the Company informed Staff that customers contacting the Company's Call Center with billing questions could contact a "Special Care Group" through direct telephone numbers which were provided to the Stonebridge customers. The Company further stated that the Special Care Group consisted of nine employees and had voicemail in the event the group was unavailable to accept the customers' calls. The Company's response to DR No. 4 (Case No. WC-2014-0138) stated "*All billing inquiries*

from customers in the Stonebridge area are to be escalated to the ART Team (Account Resolution Team) for a detailed explanation of the charges and corrections on their bills were the instructions provided to CSR's via talking points."

Some of the Stonebridge customers informed the Staff that a Special Care Group was available when they contacted the Company's Call Center; but, the majority of Stonebridge customers reported that when they contacted the Company's Call Center and informed the Call Center representative that they needed to be transferred to the "Special Care Group", the CSRs were unaware of any such group. This caused increased confusion and frustration for the Stonebridge customers and encouraged many customers to cease efforts to continue to work with the Company. This situation also identified deficiencies in the communication and ongoing training of the Company's Call Center.

In response to Staff's DR No. 6 (Case No. WC-2014-0138), the Company provided a list of customers that the Special Care Group attempted to contact; however, the response lacked results of the communication and whether or not contact was made between the Company and the Stonebridge customers. Staff was unable to determine from the Company's response the overall outcome and results from the attempt to reach out to the customers. Some customers provided feedback and informed Staff that they were contacted by Company personnel, but in most instances their bill was still not fully and clearly explained to them. Staff was later informed by the Company that there was no tracking mechanism in place for all the incoming Stonebridge customer inquiries.

In response to DR No. 46 (Case No. WC-2014-0138), the Company informed Staff *"The Account Resolution Team did make outbound calls to Stonebridge customers. The team was not and is not exclusive to Stonebridge customers. The team has not been disassembled, and is still available for customer escalations for all American Water Customers, not exclusive to Missouri."* Staff is uncertain if the nine employees listed in the Company's response to DR No. 3 (Case No. WC-2014-0138), is considered the entire ART team, if these members received special training, or even how familiar the Special Care Group was with the billing errors that had occurred at Stonebridge. Furthermore, Staff is uncertain if the CSRs at the two Call Centers were made aware prior to January 22, 2014, that they were to transfer the Stonebridge customer calls to the ART team. Subsequently, in an update meeting between Staff and the

Company on January 3, 2014, Staff was made aware by the Company that the Special Care Group had been disbanded.

Staff also heard from multiple Stonebridge customers that their requests to have their call to the Call Center escalated to a supervisor were denied. Staff also observed this denial when Staff listened to available recorded phone calls provided by the Company. Staff is aware of no other Missouri regulated utility that has had such an extent of customer allegations of Company refusals to escalate calls. In Case No. WC-2013-0010, *Marcia Eason, Complainant v. Missouri-American Water Company, Respondent*, the same allegation of customer calls being denied escalation was made. Likewise, few available recorded customer phone calls to the Company's Call Center limited Staff's ability to thoroughly investigate the customer's concern, although the Company did provide evidence it had revised its call escalation process. The Staff Memorandum filed on October 5, 2012, in the Marcia Eason case addressed staff's investigation into two other recent informal customer complaints that involved the Company's alleged denial to escalate calls. The report also addressed the Engineering and Management Services review of 631 public comments in the context of Case No. WR-2011-0337 that included twenty-nine instances in which customers indicated they requested to speak to a supervisor and were denied. Without call recordings, the Company's internal control and Staff's ability to thoroughly investigate such allegations is hindered. Documented account notes coupled with call recordings is the most effective manner to determine what actually was committed to, expressed and occurred between a customer and the utility by which it is served.

CALL CENTER TRAINING

The Company and Staff began participating in bi-weekly meetings in August 23, 2013. The training of the Company's CSRs was discussed at length during a number of those meetings. The bi-weekly meetings discontinued the end of June 2014 and the Staff and Company personnel moved to meeting on a less frequent, periodic basis to discuss Call Center operations and other topics. Such Company and Staff meetings to address service quality concerns were defined in a Non-Unanimous Stipulation and Agreement filed on February 24, 2012, and ordered by the Commission on March 7, 2012 in Case No. WR-2011-0337.

The Company indicates that one training method utilized includes a scrolling text in the broadcast bar located at the bottom of the CSR's computer screen. While a scrolling text is one

method of communication to the CSRs, Staff is concerned that the CSRs may not always read the scrolling text or recall it after the scroll is completed. Further, the Company has indicated that it is possible that some CSRs would only read the scrolling text when they would receive a customer call regarding the subject matter. The complexity, magnitude and variability of the Stonebridge customer billing statement errors required significantly more training than the scrolling text.

The Company indicated that other types of Call Center training includes 'Water Coolers' which include brief written and verbal communications regarding specific topics and training relayed in team meetings; in spite of these efforts, it is apparent that CSRs were unable to appropriately respond to customer questions regarding the billing statements of the Stonebridge customers.

Staff requested in DR No. 47 (Case No. WC-2014-0138), the talking points the Company provided to its CSRs to enable them to explain payment arrangements and the process for the Stonebridge customers to remit payment beyond the billing due date for their December 2013 billing statements. The Company made Staff aware of these talking points at the bi-monthly meeting held January 3, 2014. Prior to receiving the response to DR No. 47 (Case No. WC-2014-0138), Staff was under the impression that all incoming calls relating to the Stonebridge customers were transferred to the Special Care Group; however, the date on the talking points was January 22, 2014, indicating the CSRs did not have the needed information prior to that time.

It is concerning to Staff that such talking points were provided to the CSRs on January 22, 2014, for them to respond to calls addressing complicated, multiple billing issues that began in May 2013. Some customers were instructed during the December 2013 Stonebridge individual customer meetings to contact the Call Center to let them know they wanted a payment extension. Staff is aware of at least one customer that followed the instructions of an American Water Works Company, Inc., Billing Supervisor at the December 2013 meetings and the Company's CSR still required him to make a payment in order to initiate a payment arrangement. The customer was also charged a fee for processing the payment by telephone and both actions were contrary to the prior commitments made by the Company to the Stonebridge customers.

It is imperative that the Company's CSRs be provided correct and sufficient information that enables them to appropriately address customer concerns and questions in a timely manner. Not providing the Company's CSRs these talking points far earlier in the process is indicative of a lack of internal control in the management of the Company's Call Center and lack of appropriate utility response to the numerous multifaceted billing errors of the Stonebridge customer accounts. The Company does attempt to evaluate eight recorded phone calls and notes' documentation each month for each Call Center representative. Staff reviewed a number of such evaluations while on-site at the Company's offices during its March 9 and 10, 2015 meetings.

Since the Company's CSRs did not have adequate and timely information to respond to the Stonebridge customer inquiries and concerns, many of the Stonebridge customers were required to contact the Company's Call Center numerous times in hopes of obtaining adequate responses to their billing questions and concerns. Many of these numerous Call Center contacts would have been unnecessary had CSRs been properly trained and adequately equipped with appropriate information to address the billing concerns of the Stonebridge customers.

The lack of recorded customer calls is of significant concern to Staff as the customers' recorded calls provide a level of Call Center monitoring and performance like no other Call Center tool. The topic of recorded calls has been addressed during numerous bi-monthly meetings and the Company has continued to indicate to Staff that it is evaluating whether or not to record phone calls; however, recently the Company has expressed that it believes it may begin recording calls by the end of 2015. The only reason the Company has given Staff as to why it does not record its customer calls is that it is a costly technology. The Company has indicated that prior to 2009 it did record customer phone calls to its Call Center.

While Commission rules do not specifically require utilities that utilize call centers to record calls, the rules clearly provide that companies should ensure "*Qualified personnel shall be available and prepared at all times during normal business hours to receive and respond to all customer inquiries, service requests and complaints.*" (Rule 4 CSR 240-13.040[2][A]). Substantial evidence exists that MAWC's Call Center has been unable to provide the level of service that is required by this Commission rule.

It is Staff's understanding that a variety of call center recording technologies exist, including more sophisticated technology that records actual "key strokes" for each call. Staff is not recommending that the Company utilize this advanced type of customer call recording

technology, nor does it believe it is necessary for effective call center performance monitoring; but Staff is recommending that calls be recorded. Staff has also been informed by a number of Missouri-regulated utilities over the years that the recording of customer phone calls to their Call Centers has been highly beneficial. Some companies are presently evaluating longer periods than 12 months for archival purposes.

Staff is unaware of any large regulated utility in the state of Missouri, other than MAWC, with a centralized Call Center that does not record 100 percent of the calls between customers and CSRs. Recorded customer calls serve many managerial purposes including training, documentation, performance evaluations and quality control and assurance. The normal period of storage for recorded customer phone calls by utilities is approximately one year.

Missouri American's continued decision not to reinstate the policy of recording 100 percent of its customers' phone calls to its Call Center is, in Staff's opinion, detrimental to the service the Company is providing its Missouri customers.

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Call Center Representative Training

Missouri American Call Center representatives were unable to adequately respond to the calls regarding billing errors received by its Stonebridge Village customers. The Staff was informed by Company personnel during a September 16, 2014 conference call that due to the complexity of the issues and difficulty of the calls received from the Stonebridge customers, Call Center representatives were unable to adequately respond to and serve its customers. The Company is required by Commission rule to have qualified personnel available to respond to all customer inquiries, service requests, safety concerns and complaints. The Companies inability to provide such qualified personnel is a violation of Commission Rule 4 CSR-240-13.040(2)(A) Inquiries, which states:

(2) A utility shall establish personnel procedures which, at a minimum, ensure that—

(A) At all times during normal business hours qualified personnel shall be available and prepared to receive and respond to all customer inquiries, service request, safety concerns, and complaints.

Significant customer evidence as discussed previously indicated that the Company was not able to adequately address customer questions and concerns during the Stonebridge billing error period and a number of reports of discourteous Call Center performance were alleged.

In the Company's response to Case No. WO-2014-0362 DR Nos. 100, 104 and 105, 32 recorded calls were provided. The following observations were made on those calls: On March 25, 2015, the General Manager of the Stonebridge Village was informed that Missouri American did not serve his community when he called to report that a fire was occurring in Stonebridge. Only one recording of three calls made the evening of March 25, 2015, by the General Manager to the American Water Works Company, Inc.'s Call Center regarding the fire that occurred in the Stonebridge Village area exists. This perhaps is one of the most disturbing aspects of the lack of recorded phone calls as these calls would be considered "emergency calls."

Representatives from Missouri American traveled to Jefferson City, Missouri, and played the one available call recording for Staff on May 5, 2015. The Company also logged-into its CIS system during its visit and Staff was able to observe the various system research the Call Center representative performed that lead the representative to inform the Stonebridge General Manager that the area was not served by Missouri American. An error in the search process led the CSR to inform the customer that the area was not served, which included the failure to use a closing 'asterisk' after a key word related to the street address was entered into the Company's customer information system. In addition, the representative did not ask further 'probing' questions which should be incumbent in any Call Center training, particularly in circumstances of emergency.

The Stonebridge General Manager was placed on hold for approximately ten minutes after he was first instructed that the Company did not serve the area about which he was reporting. When the representative returned to the call, she further indicated that Company "*did not serve the area.*" While the General Manager had given an incorrect street address (** _____ **), the Company acknowledged and Staff concludes that some further 'simple' probing questions by the representative would have correctly identified the location as being one served by Missouri American. Instead, the representative informed the customer twice during the recorded conversation "*we don't serve that area.*" The extended silence the customer experienced on the call with no periodic communication from the representative indicating the status of her research, assuring the

customer his matter was being continuing to be reviewed etc., is also indicative of deficient Call Center processes.

Other observations of the 32 calls include four calls with hold times in excess of seven minutes, five calls with long pauses and several calls where the representative lacked empathy. Multiple calls revealed CSRs being rude, interrupting customers and not exhibiting basic listening skills.

Regarding the Stonebridge customers billing errors and the Company's Call Center performance, the Company did experience periodic inability to attach billing statements to customer accounts which prevented Call Center personnel from being able to respond to customer inquiries regarding their bills. The Company stated in its response to DR No. 31, *"We aren't implementing those statements into our system; if the statement balance didn't match we made adjustments to the customer accounts. The statements were then scanned and attached to all of the customer accounts via PDF and can therefore be accessed by those through our billing system."* Subsequently the Company responded in DR No. 47 that it did not know why the billing summaries were not attaching properly in the customer accounts. Without billing summaries, the CSRs lacked sufficient information to respond to customer inquiries. The Stonebridge customers should have been able to contact the Company's Call Center and obtain correct and prompt responses to their questions regarding this billing period should it be necessary. Appropriate education and call scripting would have been valuable to CSRs during the Stonebridge billing error occurrences to provide more acceptable and accurate information to customers calling into the Call Center.

The MAWC customers pay for every aspect of the service they receive including the control processes, systems, toll-free services, practices and procedures employed by utility management to provide quality service, including the Company's Call Center performance. The MAWC customers pay the costs for customer information systems; Call Center hardware and software; and the hiring, training, retention, salaries and benefits of its personnel. MAWC's Call Center is no exception to the costs included in customer rates and customers are entitled to knowledgeable and courteous Call Center representatives and good Call Center performance. When MAWC customers contact the Call Center and are provided inaccurate, conflicting or no information, not only are customers inadequately and poorly served, they may be required to contact the Call Center again to obtain their necessary information. Such repeated calls to the

Call Center are a disservice to customers and ultimately more costly as call volume is a significant factor in Staffing.

It is incumbent upon the Company to ensure that its Call Center representatives are able to provide customers contacting the Call Center in a courteous manner the accurate information being requested. Contacting the MAWC Call Center is some customers only means of obtaining necessary information and MAWC must be cognizant of this.

Staff Recommends Company Management:

- 1. Ensure that Customer Service Representatives are sufficiently trained to respond in a timely manner to all customer inquiries including those regarding customer billing statements, service territories served and other inquiries. Evaluate training materials periodically and the manner in which Call Center representatives are trained regarding issues such as billing calculations, wastewater usage calculations, service territories and make improvements when necessary.*

Appropriate Call Escalations

During the course of Staff's investigation into Case No. WC-2014-0138, Staff was made aware of numerous customers reporting that their requests to speak to utility supervisory personnel were denied by the Company. In Customer Complaint/Inquiry No. I201500502 the customer stated that she contacted MAWC's Call Center twice on Monday, September 22, 2014. Neither of the two CSRs was able to answer the customer's questions and both CSRs denied the customer's request to speak to the CSR's supervisor. The customer was required to call the Commission's Consumer Service Hotline and Staff was able to contact Company personnel to obtain the answer to the customer's questions.

The Staff is aware of and has been provided revisions the Company has made periodically to its escalation policy, but policies are of limited value if they are not adhered to, repeatedly trained on, evaluated and reviewed for control. The Company's lack of recorded phone calls is detrimental to the Company's ability to control and identify deficiencies to properly escalate customer calls. If calls are not recorded, the Company's review of proper and appropriate call documentation is significantly hindered. Without recording 100 percent of all calls, Company management has limited internal control and ability to verify the adherence of its actual Call Center performance as compared to its policies, procedures and standards.

Call Center representatives who are handling customer calls and are unable to handle the customers' inquiries and then denies a customer's request to speak to a supervisor is a violation of Commission Rule 4 CSR-240-13.040(2)(A) Inquiries, which states:

(2) A utility shall establish personnel procedures which, at a minimum, ensure that—

(A) At all times during normal business hours qualified personnel shall be available and prepared to receive and respond to all customer inquiries, service request, safety concerns, and complaints.

Staff Recommends Company Management:

2. *Implement methods to ensure that the Company's Call Escalation Policy is followed and review periodically to ensure compliance for all Missouri calls.*

Call Center Operational Audit

The Company has not performed an internal or external operational audit of its Call Centers. The Company responded in Case No. WO-2014-0362 DR No. 23, that “*there were no internal or external audits of either location during that time frame*”, which was 2012, 2013 and YTD May 2014. During the conference call held September 2, 2014 with Company representatives, Staff was informed that there had never been any internal or external audits performed at either of its Call Center locations.

The Company's Call Center performs a critical function for the customers of Missouri American. For some customers, the Call Center is the only means of communication with the Company. The Company's Call Center provides the opportunity for the Company to understand the needs of its customers. The need exists to optimize the triad of customers, processes and technology. A comprehensive and periodic operational audit of the Company's Call Center performance would allow the Company to determine whether it was performing qualitatively and quantitatively in the manner it should while adequately utilizing all existing information technology in its Call Center. Such a review would assist the Company in identifying necessary changes, reveal opportunities that may exist to improve standards, procedures and policies; improve business process mapping for efficient workflow; evaluate and improve management and Call Center Staff skills' training; identify needed expansion and/or upgrades of existing equipment and/or corporate culture changes.

Staff Recommends Company Management:

3. *Perform a comprehensive operational audit of the American Water Works Company, Inc. Call Centers that serve MAWC customers. The audit should commence in calendar year 2016 and include but not be limited to operational areas such as: call quality control, adherence to Company Call Center policies and procedures, accurate and timely responses to customer inquiries including those regarding billing, appropriate call escalation to supervisory personnel, verification of return calls to customers, accurate calculation of bills from multiple Missouri service territories with differing tariffs and call center performance metrics.*

Verification of Returned Phone Calls

The Company does not have a procedure in place that confirms that Team Supervisors and Team Leads return requested customer phone calls. In the Company's response to Case No. WO-2014-0362 DR No. 21, the third step of the Customer Complaint Escalation Process states:

If a Supervisor or Team Lead is not available, the CSR should advise the customer that the supervisor is currently on another call and has requested to call the customer back. The CSR should complete a BPEM ("Business Process Exception Case") case and the supervisor will be required to contact the customer by the end of their shift, same day. However, a 24 hour call back expectation should be set.

During the September 2, 2014, conference call between the Company and Staff, Company personnel indicated that the supervisors are aware of the request from the customer to have a return phone call when the CSR completes the BPEM. However, the Company has no procedure in place that verifies all requested customer calls are returned by the Call Center supervisors. Company personnel indicated during the September 2, 2014, conference call that it is possible for the Company to "marry up" its information to determine if any requested customer phone calls have not been returned by the supervisors. Given the extensive customer allegations of lack of supervisory returned phone calls made to customers, greater control and verification that calls are returned is necessary.

In Case No. WC-2014-0138, the Staff heard from numerous Stonebridge customers that their requested phone calls from the Call Center were not returned. When the customers' requested phone calls are not returned, the customers are required to call the Call Center again and typically obtain a different CSR and are required to re-explain their reason for calling. Such

failure to return customer phone calls delays resolution to customer inquiries and complaints. Calling the Call Center is some customers only means of contacting the Company to obtain their requested information. Therefore, the customers are dependent upon the supervisors' returning their requested phone calls to resolve their inquiry.

Further, recent review of 64 Missouri American PSC complaints from August 2013 through April 2015 noted 27 comments from customers indicating no resolution or return call from the Call Center. A spread sheet presenting the areas reported in the context of customer PSC complaints that including specific dissatisfaction with the Company's Call Center is presented as Schedule 2. As stated previously, without recorded phone calls, neither the Company nor Staff has sufficient means to thoroughly and appropriately investigate specific requests for return calls made by customers and specific commitments made by the Company to its customers. Account notes can present only a limited portion of actual utility Call Center performance. Further customer complaints typically are representative of a much larger body of customers with similar concerns. A frequently cited statistic is that 26 out of 27 customers will not complain but are as equally dissatisfied as the one customer who voices concern.¹

It is incumbent upon the Company to provide accurate information in a courteous manner to its customers which includes returning phone calls. MAWC must ensure that all commitments to return calls from the Company's Call Center including commitments for supervisory returned phone calls to customers are honored.

Staff Recommends Company Management:

4. *Design and implement a procedure to ensure all Missouri American customers requesting a return or follow-up phone call from the Company's Call Center, including those requested from supervisory personnel, have their calls returned.*

Customer Account Documentation

Numerous customer comments received during the course of Staff's investigation into Case No. WC-2014-0138 have included customer statements of inaccurate or no information included on customer account records in the Company's Customer Information System. Staff has received numerous reports of discrepancies regarding Missouri American customer accounts including 6 of the 64 customer complaints mentioned previously that identified such issues.

¹ A Complaint Is A Gift, Janelle Barlow and Claus Moller. Second Edition Copyright 2008, p 100.

Formal PSC Commission Complaint No. C201201448 ** _____ ** embodied the seriousness and criticality of accurate account records which has been severely hindered by the Company's lack of recorded phone calls. Summarized, ** _____ ** was held responsible by the Company for service he had verbally discontinued with Missouri American but the Company had no record of such contact and held the customer liable for an approximate \$2,000 arrearage. Documentation from other utilities, including Laclede Gas Company, demonstrated the customer had successfully terminated service with them but Missouri American had no record of numerous contacts with the Company the customer had alleged. The matter was later resolved in the customer's favor.

Without recorded phone calls, it is the "Company's word against the customer's word" and the majority of all 'control' regarding customer payments, reports of inadequate service, requests to discontinue and initiate service remain with the utility.

Staff Recommends Company Management:

5. Ensure that all Missouri customer calls to the Company's Call Center are documented with detail on the customer's account and include steps and Company commitments made to obtain resolution.

Categorization of Inbound Calls

The Company presently does not categorize the types of inbound calls it receives from its Missouri customers. Such lack of call categorization hinders the Company's ability to determine trends being reported by its Missouri customers. Such trends may include any number of customer issues such as: billing errors, Call Center training opportunities including "soft-skills," water quality reports and others. The Company's present operations of not recording customer phone calls placed significant disadvantage on the Company and its ability to monitor and control Call Center performance. A system to monitor the types of inbound calls received at the Company's Call Center would more readily enable the Company to identify and respond to issues impacting its customer service.

Staff Recommends Company Management:

6. Develop a system to monitor the types of inbound calls received at the Company's Call Center so that the Company can identify critical customer reported trends and respond with corrective action if necessary.

Merits of Specializing Call Center Representatives Into Smaller State Regions

As stated previously, the Staff has concerns regarding the practical ability of Call Center representatives of regulated utilities to be sufficiently capable of responding to customers served by 15 different regulated states, regardless of a new and robust customer information system. Although advances in technology have changed Call Center operations significantly over the years, Staff questions the Company's management model of requiring all American Water Works Company, Inc. representatives to ultimately be 'subject matter experts' on the unique tariffs, service territories, Commission rules and other matters for all 15 regulated states. Staff encourages the Company to explore and evaluate whether a more narrow state service territory area of responsibility may be a more efficient and effective way for Missouri customers to be served.

Other large regulated utilities in the state of Missouri, even those with significant outsourced Call Center work forces, require those work forces to serve only Missouri or a small number of states where the utilities operate. American Water Works Company, Inc. is a large corporation and its present Call Center model should be reviewed toward improving the service it provides to Missouri American customers.

Staff Recommends Company Management:

7. *Evaluate the benefits of reducing the number of regulated utilities, in the American Water Works Company, Inc., in which Call Center representatives are required to be experts. Analyze the merits of specializing Call Center representatives into fewer states.*

Increased Communication with Regulatory Personnel

Given the historical service quality issues that have occurred with Missouri American, the Staff is of the opinion that increased communication regarding known or planned operational changes, service quality performance issues and other topics should occur between the Company, Staff and OPC. Such communications regarding utility processes and practices that involve customers have multiple benefits. Missouri regulated utilities interact in various ways with the Staff and OPC including the numbers and types of communications and issues that are addressed.

Company personnel changes that have critical service quality responsibilities should be communicated with the Staff and OPC. This is a practice most, if not all, the large regulated Missouri utilities engage.

Staff Recommends Company Management:

8. *Inform the Staff and the Office of the Public Counsel promptly when significant operational or service quality performance changes are planned or occur.*

Recorded Customer Calls

The lack of 100 percent of Missouri American's customer calls being recorded is a significant detriment to the service received by those customers and is of great hindrance to the Company's ability to effectively and efficiently manage and control its Call Centers. Missouri American, like all organizations has primary management responsibilities which include: planning, organizing, directing and controlling critical resources such as people, capital, technology and time. The lack of recorded phone calls, particularly in a corporation the size of Missouri American, which serves approximately 460,000 Missouri customers, is an impediment to adequate service. As indicated above, there are numerous managerial reasons to record 100 percent of all customer calls and retaining the calls for an amount of sufficient time, such as 12 months. All other large regulated utilities in the state of Missouri record 100 percent of their customer's calls and even some of the smaller utilities record similarly as well.

Staff Recommends Company Management:

9. *Record 100 percent of all customer calls between Call Center Representatives and Missouri-regulated customers. Archive recorded phone calls for a period of no less than 12 months and in a manner that they may be retrieved and reviewed by the Company, Staff and OPC.*

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Staff's Investigation into
the Adequacy of the Call Centers serving
Missouri American Water Company

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Case No. WO-2014-0362

AFFIDAVIT OF LISA KREMER

STATE OF MISSOURI)

)

ss.

COUNTY OF COLE)

COMES NOW LISA KREMER and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Report of Staff's Findings into the Adequacy of the Call Centers serving Missouri American Water Company*; and that the same is true and correct according to her best knowledge and belief.

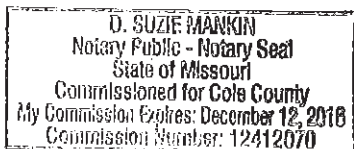
Further the Affiant sayeth not.

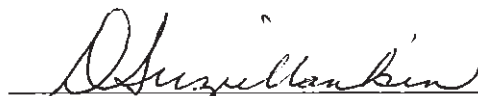


LISA KREMER

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 15th day of June, 2015.





Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Staff's Investigation into
the Adequacy of the Call Centers serving
Missouri American Water Company

)
) Case No. WO-2014-0362
)
)
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AFFIDAVIT OF DEBBIE BERNSEN

STATE OF MISSOURI)

) ss.
)

COUNTY OF COLE)

COMES NOW DEBBIE BERNSEN and on her oath declares that she is of sound mind and lawful age; that she contributed to the attached *Report of Staff's Findings into the Adequacy of the Call Centers serving Missouri American Water Company*; and that the same is true and correct according to her best knowledge and belief.

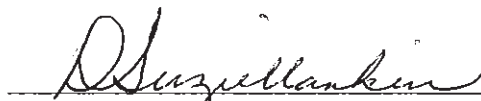
Further the Affiant sayeth not.


DEBBIE BERNSEN

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 15th day of June, 2015.




Notary Public

**Missouri American PSC Complaints
Case No. WO-2014-0362**

MAWC Residential Customer Complaints Received by Commission's EFIS	
2008	171
2009	148
2010	210
2011	223
2012	165
2013	132
2014	188
2015	68*

*January 1, 2015 – April 30, 2015

Missouri American PSC Complaints
Reporting Deficient Call Center Performance
Case No. WO-2014-0362

Complaint Number	Alleged Mistakes By CSR Incorrect Information Provided Or No Information Placed In CIS	Call Center Calls With No Resolution Or Return Calls To Customer	Call Center Rude Or Consumer Advised They Were Treated Poorly	Call Center Contact With Billing Uncorrected/Changed/Or After Long Period Was Corrected	Long Hold Times Or Could Not Get Through	Call Center Reps Unknowledgeable And/Or Provided Incorrect Information
C201400251		X				
C201400266		X				
C201400424		X				
C201400434				X		
C201400477		X				
C201400540	X					
C201400582		X				
C201400611						X
C201400670				X		
C201400723		X				X
C201400759		X				
C201400807					X	
C201400815		X				
C201400846						X
C201400860				X		
C201400885		X				
C201400945		X				
C201400997					X	
C201401019						X
C201401047	X					
C201401057	X					
C201401093					X	
C201401105					X	
C201401143	X					
C201401233			X			
C201401336				X		
C201401404				X		
C201401470				X		X
C201401523		X				
C201401533				X		
C201401538		X				
C201401586		X				
C201401672						X
C201401691	X					
C201401722		X				
C201401761				X		
C201500064		X				X
C201500136					X	
C201500227		X				
C201500228		X				
C201500371				X		
C201500394		X				
C201500560		X				
C201500703						X
C201500733				X		
C201500752		X				
C201500769					X	
C201500777				X		
C201500832						X
C201500896		X				
C201500998		X				
C201501059						X
C201501104						X
C201501118		X				
C201501138			X			
C201501200		X				
C201501213	X					
C201501250		X				
C201501273				X		
C201501287				X		
C201501392				X		
C201501403						X
C201501462		X				
C201501477		X				X